

The Global Newspaper
 Edited and Published
 in Paris
 Printed simultaneously in Paris,
 London, Zurich, Hong Kong,
 Singapore, The Hague, Marseille,
 New York, Rome, Tokyo, Frankfurt.

Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

No. 34,107

43/92

LONDON, SATURDAY-SUNDAY, OCTOBER 24-25, 1992

Established 1887

Bush Asserts Photos Help Close Chapter On MIA Issue

Researcher Was a Key;
 U.S. Will Take Steps
 to Normalize Relations

By Thomas W. Lippman
 and Don Oberdorfer
Washington Post Service

WASHINGTON — President George Bush, bringing new information from 4,800 photographs of American prisoners of war dead from Vietnamese government files, announced a "significant breakthrough" Friday toward resolving missing-in-action cases and moving toward eventual normalization of U.S.-Vietnam relations.

"Today, finally, I am convinced that we can begin writing the last chapter in the Vietnam War," Mr. Bush said in a White House ceremony celebrating recent unexpected progress in accounting fully for missing servicemen.

Administration officials said the improbable saga of an American book writer, Theodore G. Schweitzer 3d, who gained access to official archives in Hanoi, was a key factor in the breakthrough.

Starting last winter, Mr. Schweitzer was permitted to examine and copy records and photographs of captured or killed Americans at Vietnam's Central Military Museum — files that Hanoi had declined to provide to a succession of U.S. administrations.

Defense Department officials said they put Mr. Schweitzer on the payroll as a consultant in February and paid for his travel and computers when he was unable to find an American publisher, and that Vietnamese authorities knew of this semi-official relationship.

Why Vietnam chose to cooperate with Mr. Schweitzer and to promise a high-level U.S. mission last weekend full disclosure of all archival information was a matter of speculation on Friday.

Senator John S. McCain 3d, Republican of Arizona, who spent six years as a prisoner of war in Hanoi and who took part in last weekend's mission, said "the Vietnamese are desperate for economic assistance" and "also concerned about the Chinese," who have had historical conflicts with Vietnam and attacked Vietnam in 1979.

The Vietnamese, Mr. McCain said, "became convinced that the best way for them to have the embargo lifted and move forward is for them to become cooperative and forthcoming with this information."

With less than two weeks remaining before the presidential election, Mr. Bush went out of his way to say that the effort on resolving the issue of missing servicemen "must transcend partisan politics in every way."

However, the president appeared to take a swipe at the Democratic nominee, Governor Bill Clinton, who avoided the draft during the Vietnam War, by announcing that the developments "honor those who chose to serve" in the war.

Immediately after the ceremony, Mr. Bush paid a campaign visit to a Veterans of Foreign Wars post in suburban Maryland before proceeding to appearances in Kentucky and Florida.

"I want to emphasize from the Democratic perspective that this is not an October surprise," declared Senator John F. Kerry, Democrat of Massachusetts, chairman of the Senate MIA-POW Committee, who called the achievement a "historic day."

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EC Allies Move to Isolate France on Trade Pact

By Alan Riding
New York Times Service

PARIS — Breaking ranks with France, Germany and Britain urged the European Community on Friday to resume negotiations with the United States on a long-stalled global trade agreement with a view to averting a damaging trade war.

The latest round of talks in Brussels ended abruptly this week when United States negotiators concluded that the 12-nation Community was proving too inflexible on the tricky issue of agricultural subsidies to make an accord viable before the U.S. elections.

But while France continues to oppose new concessions that would further anger its powerful farming lobby, Germany's chancellor, Helmut Kohl, and Prime Minister John Major of Britain agreed in a 30-minute telephone conversation Friday that the negotiations taking place under the auspices of the General

Agreement on Tariffs and Trade should not be allowed to founder.

British officials said the two leaders had decided that the Community's executive commission should instruct its chief agricultural negotiator, Ray MacSharry of Ireland, to seek an immediate resumption of talks with the U.S. secretary of agriculture, Edward R. Madigan.

Late Friday, Community officials said the two men had spoken by telephone and had reiterated their desire to resume talks. "It is clear from these contacts that both sides want to maintain contact and continue negotiations to achieve a rapid conclusion," Mr. MacSharry was quoted as saying.

A spokeswoman at Germany's Economics Ministry was quoted by Reuters as saying: "We are willing to move towards the United States." A British government official said Mr. Major believed that the Community,

which negotiates as a bloc, should be ready to give more ground.

[Australia and New Zealand, fearing the costs of getting caught in the crossfire of a world trade war, lashed out Friday against France, blaming it for the failure of the talks, Reuters reported from Canberra.]

Australian trade minister, John Kerin, said "We ought to mount massive pressure against the French," and the National Farmers' Federation urged consumers to boycott French products. The government also should re-examine its contracts with French companies, and labor unions should consider refusing to unload French shipments, said Rick Farley, the group's executive director. "France is effectively holding the rest of the world to ransom," he said.

France, however, showed no signs of budging. Its finance minister, Michel Sapin, said Friday that the Community could not go beyond the farming subsidy cuts agreed as

part of a reform in its common agricultural policy earlier this year. "That was already a lot," he said.

On Thursday, Foreign Minister Roland Dumas of France predicted that no accord would be possible for several months. Mr. Sapin merely noted Friday that "all I know is that it will not come before the presidential elections" in the United States Nov. 3.

The Community's Brussels-based Executive Commission, however, insisted that an early agreement was still possible. "Both parties are still working on the basis that they hope to be able to conclude negotiations at a political level in the next few days," a spokesman said.

The external relations commission, Frans Andriessen, who is in overall charge of the Community's negotiating team, also said he was confident of an agreement "in a very

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Beijing Vows To Overturn Reforms in Hong Kong

Threat Is Seen as Blow
 To Investor Confidence
 Before '97 Handover

Compiled by Our Staff From Dispatches

BEIJING — China on Friday threatened to replace Hong Kong's government when it takes over the colony if proposals to bring more democracy to the territory are carried out over Beijing's objections.

The threat by Lu Ping, the Chinese official in charge of Hong Kong affairs, represented a heightening in tension between China and the Hong Kong governor, Chris Patten, which could undermine investor confidence in the territory as it prepares to revert from British to Chinese control in 1997.

Mr. Lu said at a news conference that if Mr. Patten enacted the proposed policy changes, Beijing would replace the colony's government, legislature and judiciary.

That would mean a violation of a 1984 Chinese-British agreement in which China agreed that Hong Kong would enjoy substantial autonomy. Dismissal of legislators due to be elected in 1995 would violate that agreement.

And although China will have the right to make appointments to the judiciary and executive council, there was never any expectation that it would order a complete change in 1997.

Mr. Lu also said China would not assume

responsibility after 1997 for debts or contracts linked to a planned airport in Hong Kong if Mr. Patten starts construction without Beijing's consent.

China would refuse air space to planes flying from the airport, Mr. Lu said.

"The Chinese side does not hope to see confrontation because this is not conducive to the interests of Hong Kong," he said. But he added, "If the other side insists on confrontation, then we have no other choice."

Mr. Lu said that if Mr. Patten ignored Beijing's objections, "the Chinese side will, in accordance with the regulations of the Basic Law, form the first Legislative Council, the first Executive Council, and judicial organs" of the post-1997 government.

"If we do so, we can ensure the smooth transition of government," he said.

Mr. Patten ended his first visit to Beijing after three days of rancorous talks that yielded no progress on the major disputes between the two sides and instead was marked by China's diplomatic snubs of Mr. Patten.

Mr. Patten has angered China by proposing measures to give voters more of a voice in the makeup of the legislature and reduce the power of special-interest groups dominated by China. Among other moves, the voting age would be lowered from 21 to 18.

Mr. Patten maintains that his proposals are within the framework of the 1984 agreement.

In addition to rescinding the reforms after 1997, China says it would replace legislators elected in 1995 as well as members of the executive council and the judiciary.

Earlier Friday, Mr. Patten said he wanted China's assistance in reshaping the colony's electoral system and building the new airport.

Governor Patten suggests his critics in China intend to spark unrest in the colony. Page 4.

See THREAT, Page 4

Akihito Offers 'Deep Sorrow' To China, Not A War Apology

By Lena H. Sun
Washington Post Service

BEIJING — In a gesture aimed at healing the bitter wartime memories of Asia's two great powers, Emperor Akihito of Japan began the first imperial visit to China by saying he felt deep sorrow for the "great sufferings" that Japan had inflicted on China.

As expected, the much-anticipated statement stopped short of a formal apology for Japan's atrocities in China before and during World War II, during which an estimated 20 million Chinese were killed or injured.

"In the long history of relations between our two countries, there was an unfortunate period in which my country inflicted great sufferings on the people of China," Akihito said in his banquet toast to President Yang Shangkun of China. "I feel deep sorrow over this."

Akihito, who was only a child when the war ended, was trying to indicate personal regret over the war years. Here in China, where the breadth of Japan's criminal destruction surpassed its actions in the other East Asian nations it invaded this century, anti-Japanese feelings run deep, even among younger Chinese who nevertheless prefer Japanese products.

Exactly what Akihito would say had been the subject of controversy in Japan for



Emperor Akihito, left, exchanging toasts with President Yang Shangkun, right, and other officials at a state banquet in Beijing.

months. Although Chinese citizen groups have been demanding a formal apology and war reparations, rightist Japanese have opposed too strong a statement, fearing it would compromise the emperor's positions as the revered symbol of the Japanese people.

Even after the emperor's statement, there was confusion about what he actually said

because of differences in the Japanese text and Chinese and English translations. According to the official version, the emperor's remarks were translated in English as "I deeply deplore this." But in the Chinese version, which will presumably appear in the Chinese media, he said, "I feel deep sorrow over this."

Whatever the wording, it is clear that China's Communist leaders, who have been seeking this visit for three years, are more interested in a smooth six-day visit than a formal apology. China gave up the right to war reparations when Beijing and Tokyo normal-

See AKIHITO, Page 4

In Somali Town, 'Only 65 Dead' Is Cause for Hope

By Jane Perlez
New York Times Service

BAIDOA, Somalia — Three months after the world turned its attention to this epicenter of starvation, a battered red truck and a bus with peeling blue paint made the rounds of this town one day this week, picking up shrouded bodies left by the road in the early-morning ritual of corpse collection.

The day's tally was 65.

Almost anywhere else, 65 people killed by hunger overnight, their bodies so flimsy they could be lifted easily onto makeshift stretchers fashioned out of food bags, would be shocking. But here it was a cause for hope, for it was by far the lowest number of daily deaths in Baidoa since statistics started to be kept in August.

With a civil war still raging in parts of Somalia and relief

efforts in many areas blocked by bands of teenage gunmen, no one here is predicting the end of the famine. But there are glimmers of improvement in Baidoa.

An informal soccer game, the first all year, was played Thursday on a dusty field here; before, there were no children with enough energy to kick a ball.

There was a plucky boy on a bike.

In the market, homemade candy was for sale, and fruit — bananas, tomatoes and melons from the south — was sold from wooden barrows. The tailors were back in business, sewing on machines in the open air.

And perhaps the best news of all, patchy carpets of thin green have begun to sprout in the countryside.

Hearing about the distribution of seeds by aid agencies, about 10,000 bereft farmers who came to Baidoa to scrounge

for food have returned to their villages to plant. Heavy rains have fallen, softening the dark, fertile earth that used to be Somalia's breadbasket.

In Menas, 33 kilometers (20 miles) south of here, sorghum sown a week ago is already pushing through the soil.

But the reduction in daily deaths in Baidoa, from a high of 360 last month, was greeted soberly by Somali and Western aid officials. Some suggested that the decline was because the most vulnerable — the young, the old, the sick — had already died. Now, they suggested, the famine was taking its toll among the healthiest members of the society.

"The children have died before," said Hussein Dahir Ahmed, the local director of the Somali Red Crescent Society.

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From Bush, the Appeal Is Personal

Character, Not Ideology, Is His Issue

By Robin Toner
New York Times Service

RALEIGH, North Carolina — A presidential candidate's stump speech in the final days of the campaign is a freeze-frame of the man, the party and the times, and so it was for President George Bush as he rolled through the South this week.

Amid the one-liners, the sound bites and the applause lines was the portrait of a Republican Party in transition, trying to retrofit itself for life after the Cold War, for a nation obsessed with the problems at home.

Behind the attack lines and the digs at his opponent was a president making one last attempt to connect with a restless electorate, a president who is offering, as much as any big idea or philosophy, himself.

"We Trust Bush," read the banners along a carefully prepared whistle-stop tour through Georgia and the Carolinas; this was the hopeful concept at the heart of Mr. Bush's appeal, in a region that has not seen such a competitive presidential election since 1976.

There were echoes in Mr. Bush's speeches this week of the Republican glory days, when Ronald Reagan seemed to own the South,

scolding at the Democrats as gloom-and-doomers who refused to see America's special place in the world.

"To get elected," Mr. Bush told a huge rally in Spartanburg, South Carolina, on Tuesday night, "they've got to convince the American people that the United States is a nation in decline, and we are not. We are No. 1 — in the economy, in security, in standing up for freedom and democracy." The audience responded with the chant that punctuated the politics of the 1980s: "We're No. 1!"

But Mr. Reagan had the benefit of a strong economy in 1984. Mr. Bush had to keep acknowledging that he did not. He talked about mending the economy by increasing exports, by incentives for small businesses, by holding down federal spending and "giving the over-taxed taxpayer some relief." But the most impassioned part of his economic prescriptions was his warning of what would happen under the Democrats: "He's going to go after your wallet," he said, in one small town after another.

NEWS ANALYSIS

There were plenty of strong lines in Mr. Bush's speeches, lots of exuberant railing at "the nutty pollsters," "the inside-the-beltway talk shows emanating from Washington," "the soft-thinking United States Congress," the "trickle-down government" crowd.

But this was not a full-blown appeal to old conservative flash points. Mr. Bush was not talking about school prayer or racial quotas or even his staunch opposition to abortion as he rolled through the Carolinas. He mentioned "family values" only in passing, and his chiding of his Democratic opponent, Governor Bill Clinton, on crime was remarkably muted compared with the treatment afforded Michael S. Dukakis in 1988.

Merle Black, an expert on Southern politics at Emory University, offers one explanation. It is difficult, he said, "to do pure ideology" against the Democrats this year.

Mr. Black noted that Mr. Clinton was now running a commercial that presents him as a "different" kind of Democrat and highlights his support for welfare reform and the death penalty.

"It's like a Reagan ad from 1980," Mr. Black said. "When they're positioning themselves that way, it's just more difficult to sell Bill Clinton

See BUSH, Page 4

The Demon Russia Can't Shake: Vodka

By Steven Erlanger
New York Times Service



An elderly woman seeking handouts from passers-by Friday in central Moscow.

MOSCOW — According to the Kievan Chronicles, Vladimir I, who converted Russia to Greek Orthodoxy at the end of the 10th century, rejected Islam on the ground that he would never get Russians to stop drinking alcohol.

Mikhail S. Gorbachev, in his infamous campaign against alcohol, had no better luck. Today, according to Lieutenant Colonel Vitali N. Gunenkov, chief of the Interior Ministry's department for drink-related crimes, the problems associated with too much vodka: drinking — crime, absenteeism, lost production, sickness — are worse than they were before Mr. Gorbachev's campaign of 1985-88.

"It's like a pendulum that is swinging hard in the other direction," Colonel Gunenkov said. "Now it is worse than it was in 1984, and this year shows the trend is also worsening."

He said crimes committed by drunken people in Moscow were up 15.9 percent in the first seven months of this year over the same period last year. Drunken people are now committing 35.6 percent of all crimes in Moscow, he said, and nearly 80 percent of crimes against individuals: murder, rape, robbery. Figures are similar nationwide.

But vodka — so Russian and so endemic — also provides a window into the new economy, into both its opportunities and social costs. As with every other aspect of Russian life, the business of vodka is swarming with inconsistencies and corruption in this great transition from a socialized command economy to a free market.

The production of vodka remains, as it was under the czars, a state monopoly that still accounts for more than 10 percent of government revenues, more than that from individual income tax.

The sale of vodka, however, is no longer a state monopoly. Individuals can import and export, secure their own supplies, legally or illegally, and profit as they can. The government still tries to license who can sell vodka when, and at what markup, but it can now be bought legally 24 hours a day, and its price, in reality, has been freed.

Russians are drinking less alcohol per capita.

See VODKA, Page 4

U.S. and U.K. Switch in Time

The United States, Canada, Britain and Ireland will revert to standard time early Sunday, when clocks will be turned back one hour.

In the United States and Canada, the switch will come at 2 A.M. local time when clocks are set back to 1 A.M. Hawaii, Puerto Rico, the Virgin Islands, American Samoa, Arizona and parts of Indiana are not affected.

Britain and Ireland will switch back an hour to Greenwich Mean Time at 2 A.M.

Kiosk

Russian Army Warns Yeltsin Foes

MOSCOW (Reuters) — Defense Minister Pavel Grachev of Russia warned the government's opponents on Friday that the army supported President Boris N. Yeltsin and hinted it was ready to back him with force. "The army is on the side of the president, its commander in chief," he said in remarks broadcast on television.

"Some politicians, making what they think are bold declarations toward the government and especially the legally elected president, are unaware of the consequences — not just political, but in terms of force — which could result from whipping up such political passions," he said.

General News
 Foreign Minister Shimon Peres invited Pope John Paul II to visit Israel. Page 4.

Art
 A large exhibition devoted to its native son, Picasso, has opened in Málaga. Page 6.

Dow Jones	Trib Index
Up 6.76	Down 0.28%
3,207.64	90.42
The Dollar	
New York	Fr. 1.528
DM	1.5082
Pound	1.6225
Yen	121.65
FF	5.18

Crusword
 Weather Page 4.
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WORLD BRIEFS

Queen Ends Trip, Praising Germans

POTSDAM, Germany (Reuters) — Queen Elizabeth II ended her first state visit to the reunited Germany on Friday with high praise for the country. Relaxed and smiling, the monarch highlighted Britain's historic ties to Prussia during a day that included a visit to the tomb of her great-grand aunt in Potsdam, the summer residence of the Prussian kings and German Kaisers.

Gunmen Fire at Cruise Boat on Nile

ASSIUT, Egypt (AP) — Gunmen shot at a cruise boat carrying foreign tourists Friday on the Nile, two days after a British tourist was killed in an ambush, police officials said.

Rebel Base Is Attacked in Liberia

MONROVIA, Liberia (AP) — West African troops began an offensive Friday to retake Monrovia's water plant and attacked a key rebel base in central Liberia with warplanes, military sources said.

Hotel Lease on Kuril Island Dropped

HONG KONG (Reuters) — A Hong Kong company has bowed to Japanese pressure and disavowed a contract to build a tourist resort on Shikotan, one of four Kuril islands claimed by Tokyo and Moscow.

For the Record

Togolese troops loyal to President Gnassingbé Eyadéma released members of Tog's interim parliament in Lomé on Friday after forcing them to unfreeze funds collected for his party.

Economics Pulling Vietnamese Closer To Other Asians

By Michael Richardson International Herald Tribune KUALA LUMPUR — Divided for many years by the Cold War, Vietnam and the non-Communist countries of the Association of Southeast Asian Nations are now being drawn closer by market economics and common concerns about China's regional ambitions.

Analysts say they doubt, however, that either Vietnam or Laos will be quickly accepted as a full ASEAN member. Noordin Sopin, director-general of the Institute of International and Strategic Studies in Kuala Lumpur, said that having a "politically single Southeast Asia" would certainly be a more effective counterbalance to any emerging "hegemonic actors in the region — in particular, China."

Chan Heng Chee, director of the Singapore International Foundation and a former ambassador from Singapore to the United Nations, said that admission to ASEAN of members with "more backward economies and different political systems" could place "further impediments" in the way of ASEAN trade liberalization and political and security cooperation.

He contended that China had caused much of the tension in the area by expanding its navy, resorting to use of force against Vietnam and "aggressively pursuing" its claims.

Writing in a recent issue of the Asian Defense Journal, General Yacob bin Mohammed Zain, chief of the Malaysian defense forces, said the overlapping claims in the South China Sea were "perhaps the single most important regional issue with the greatest potential for tension and military conflict."

Turks Hit Guerrillas In Iraq

Ankara Battling Kurd Insurrection

ANKARA — Thousands of Turkish troops have crossed into northern Iraq in an attempt to drive some 8,000 Turkish Kurdish guerrillas from mountain strongholds there. Prime Minister Suleyman Demirel said Friday.

Turkish newspaper and radio reports indicated that about 5,000 troops were engaged in a three-pronged operation to destroy Kurdistan Workers' Party bases in northern Iraq.

Turkey has staged almost daily air strikes on rebel positions since the Iraqi Kurds went on the attack and sent troops across the border a week ago to block escape routes.

Mr. Demirel said the Turkish Kurds had 7,000 to 8,000 "trained terrorists" in northern Iraq and another 3,000 inside Turkey.

Mandela Says Apartheid Helps Spread of AIDS

AGENCE FRANCE PRESSE JOHANNESBURG — Nelson Mandela, president of the African National Congress, on Friday criticized what he said was apartheid's role in spreading AIDS among black South Africans.

Mr. Mandela said that "apartheid's legacy had played a great role" in making blacks susceptible to AIDS. Among the contributing factors, he said, were single-sex hostels, the disintegration of family life, and overcrowding and lack of recreational facilities.



Sarajevo civilians lining up for a meal in an area of the capital badly hit by food shortages.

In Sarajevo, for First Time, Officers of Rival Units Meet

SARAJEVO, Bosnia-Herzegovina — Muslim, Croat and Serb military officers met face-to-face Friday in Sarajevo for the first time since the battle over the Bosnian capital began seven months ago.

The UN Children's Fund said ethnic factions agreed to a cease-fire during the first week of November. The truce would allow relief workers to reach besieged areas in Bosnia and elsewhere by land.

Mr. Morillon suggested his "Mixed Military Working Group" as a means of agreeing to practical steps to ease the plight of hundreds of thousands of Bosnian civilians as winter approaches.

But the Muslims had declined to take part until water and electric power were restored to Sarajevo, which is the kind of issue he had intended the group to discuss.

All 747s at Risk, U.S. Agency Says

AMSTERDAM — Boeing 747 passenger planes are also at risk from the structural failures that may have caused the crash here of an El Al cargo jet, according to American authorities.

The FAA added that its investigation after the Oct. 4 disaster in Amsterdam "focus on all versions of the Boeing 747." At least 43 people are believed to have died when the Israeli jet crashed into a low-income apartment building after losing its two right-wing engines after takeoff.

But Dutch authorities are resisting growing pressure to make public a tape exchange between air traffic controllers and the Israeli crew. Some believe the tape may contain vital clues as to why the plane failed to reach Amsterdam airport.

POWS: Full Disclosure

(Continued from page 1) — counting effort bipartisan and who attended Mr. Bush's meeting on the subject before the announcement.

Mr. Kerry said he had been in touch with Mr. Clinton about the recent developments and that "he absolutely agreed with this approach."

Seoul Says North Stores Biochemical Weapons

SEOUL — North Korea has stored a large amount of biochemical weapons lethal enough to kill the population of South Korea, an intelligence agency report said Friday.

DEATH NOTICE

IN MEMORY OF OUR ESTEEMED FRIENDS PETRA KELLY MEMBER, GERMAN PARLIAMENT GENERAL GERT RASTIAN MEMBER, GERMAN PARLIAMENT

Advertisement for Abu Dhabi Duty Free. Text includes: "Now, flying through Abu Dhabi could change your way of life", "Win Dh. 500,000* credit with the credit card of your choice", and "Abu Dhabi Airport Duty Free".

The Weather

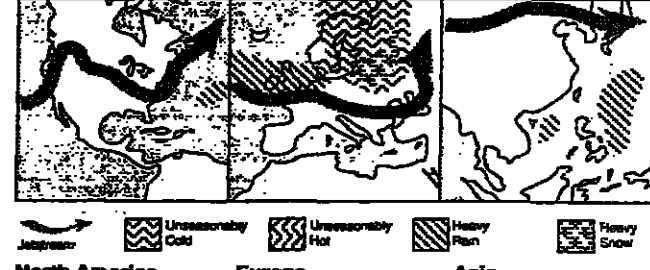


Table with weather forecasts for various cities. Columns include City, Today, Tomorrow, and a third day. Rows list cities like New York, London, Tokyo, etc.

Table with exchange rates for various currencies. Columns include City, Today, Tomorrow, and a third day. Rows list cities like New York, London, Tokyo, etc.



CAMPAIGN '92 / COUNTING VOTER REGISTRATIONS

More Jobs but Slower Growth Seen in Clinton Plan:



Compiled by Our Staff From Dispatches

BOSTON — Of the three main presidential candidates, Bill Clinton's economic program would create the most jobs in the short run, but it also would lift interest rates and slow growth by 1996, a nonpartisan economic consulting company said Friday.

The company, DRI-McGraw Hill, made public a study of the economic proposals of Mr. Clinton, the Democratic candidate; President George Bush, the Republican; and Ross Perot, an independent.

The study said Mr. Bush's plan would lift consumer spending, Mr. Clinton's would lift public investment and Mr. Perot's would raise private investment.

"In the short run, the cyclical strength of the economy would be greater under Clinton," the company said. "DRI assumes, however, that the stronger growth causes the inflation-averse Federal Reserve to raise interest rates, and squeezes the growth out of the economy by 1996."

The study said Mr. Perot's spending cuts and tax increases would cut the deficit by the

greatest amount and lead to much lower mortgage, bond and other interest rates by mid-1992.

"These would stimulate the economy, giving it strength to offset the fiscal restraint in 1994," the study said.

The study said Mr. Bush's plan was neutral on the deficit. Government spending would be lowered to offset tax cuts, giving consumers more money to spend.

The consulting concern found that Mr. Clinton's infrastructure spending program would create 731,000 new jobs by 1994 and raise economic growth by 1 percent over the Bush plan.

The study projects interest rates on 10-year Treasury notes would rise to 7.8 percent under Mr. Bush, soar to 8.21 percent under Mr. Clinton and slip to 6.76 percent under Mr. Perot. The 10-year note is now at 6.8 percent.

Mr. Clinton has proposed an ambitious spending program to build infrastructure, high-speed rail lines and a nationwide computer network.

He proposed to pay for the program by raising taxes on the richest Americans and collecting more taxes from foreign corporations while cutting taxes on the middle class.

DRI-McGraw Hill said capital spending and exports would pick up under the Perot plan and make up for the cuts in government and consumer spending.

The company said that over four years the budget deficit would rise \$4 billion under Mr. Bush, decline \$32 billion under Mr. Clinton and fall \$491 billion under Mr. Perot.

Advisers to Mr. Clinton said the Democrat's initial economic measures would include:

- A total of \$5 billion in tax breaks for business investment in new plants and equipment.
- A break from the capital gains tax for starting new businesses, if the investment is for more than five years.
- Acceleration of Mr. Clinton's \$20 billion program for transportation and other public

works projects, to speed up the awarding of contracts and creation of jobs.

Gene Sperling, who helped create many of Mr. Clinton's position papers, said the Democrat would also try to ease what many people believe is a tight credit market to "take away bottlenecks that keep people from getting loans."

Mr. Sperling said Mr. Clinton would "be elevating those things that are job-creating to the front of his agenda."

It will not mean that Mr. Clinton will go along with any increased deficit spending, certainly not the \$50 billion some want, he said.

"It is pay as you go," Mr. Sperling said. To offset the costs of what he has proposed, Mr. Clinton is supporting increased taxes on the wealthy and transferring some military spending to domestic programs.

The levels seem in line with what Congress would accept. Both the tax incentives and the increases on the wealthy are not much different than a tax bill Mr. Bush vetoed earlier this year. (Reuters, AP)

Clinton Files 'Disappointed' State Dept. Aides

By Walter Pincus and Michael Isikoff

WASHINGTON — During an unusual nighttime search of old passport files for material on Governor Bill Clinton, State Department officials, including two political appointees, were "disappointed" at how little information they turned up, according to National Archives sources.

A National Archives memo of the incident, described by sources to The Washington Post, offers new details about a two-day search at the National Records Center, run by the archives in Suitland, Maryland, for politically damaging information on Mr. Clinton. The search was directed by senior officials in the State Department's Bureau of Consular Affairs and included a foray into files on Mr. Clinton's mother.

An archives source said that, while looking through the files, members of the State Department search team were disappointed that there was not more correspondence in the boxes.

The disclosure that department officials had sought passport files on "Virginia Dell Blythe" and "Virginia Dell Clinton" triggered a chorus of criticism from Democrats, a stinging rebuke by Mr. Clinton's mother and instructions by acting Secretary of State Lawrence S. Eagleburger to expand a department investigation into the handling of the Clinton files.

State Department officials have said the searches for records on Mr. Clinton were conducted in response to Freedom of Information Act requests filed by three news organizations in September. But none of the three requests sought information on Mr. Clinton's mother, who is now known as Virginia Dell Kelley.

The requests were filed by news organizations in response to rumors, fed in part by Republican campaign officials, that Mr. Clinton once had explored changing his citizenship during the Vietnam War. Mr. Clinton has denied this, and no evidence to support the allegation has surfaced.

It is unclear what, if anything, State Department officials thought they might find in Mrs. Kelley's passport files. Mrs. Kelley said Thursday that she had never left

the country until about six or seven years ago when her fourth husband, Richard Kelley, began taking her along on business trips connected with his food brokerage company. Since then, she said, she has been to London twice, Paris, Kenya, Hong Kong and China.

A department official involved in the incident said that the search for the passport records on Mrs. Kelley was part of a "routine" effort to determine if any material on Mr. Clinton had been misfiled under her name. He also said that the officials searched "around" Mrs. Kelley's files but did not actually look through them.

But one former senior official in the State Department passport office called that account "preposterous" and said there would have been no reason, or justification, for putting any records on Mr. Clinton's mother. The State Department spokesman, Richard A. Boucher, declined to answer any questions on the matter, saying he would not comment until the completion of the inspector general's investigation.

The State Department officials who searched the files on Sept. 30 and Oct. 1 worked for Elizabeth M. Tamposi, a former New Hampshire legislator, real estate executive and state Republican finance chairman who since October 1989 has served as assistant secretary of state for consular affairs. The search team on Sept. 30 included Mrs. Tamposi's personal assistant, Steven Monehan, a former employee of her family's real estate firm, and two career State Department employees, Carmen DiFlacido, then acting deputy assistant secretary for passport services, and Richard P. McCrevey, chief of the Office of Program Support Services.

After a four-hour search that ended at 10 P.M. on Sept. 30, they returned the next day and were joined by Michael Brennan, another political appointee who is the chief spokesman in consular affairs. Mr. Brennan is the son of retired Colonel John V. Brennan of the Marines, who is President George Bush's director of White House administrative operations and a former military aide to President Richard Nixon.

A moving Bush-Quayle supporter cheering on the president at a rally near Trenton, New Jersey.

★ ELECTION VOTES ★

Clinton Maintains Lead in the Numbers Game

NEW YORK — Three national polls this week found Governor Bill Clinton maintaining a clear lead over President George Bush, while Ross Perot's support had reached a level just under 20 percentage points.

An NBC News/Wall Street Journal poll of 1,008 registered voters put Mr. Clinton at 47 percent, Mr. Bush at 28 percent and Mr. Perot at 19 percent.

A CNN/USA Today poll, conducted by the Gallup Organization with 1,035 registered voters, showed Mr. Clinton supported by 44 percent, Mr. Bush by 32 percent and Mr. Perot by 17 percent.

An ABC News poll of 909 likely voters measured Mr. Clinton's strength at 43 percent, Mr. Bush's at 32 percent and Mr. Perot's at 17 percent.

Each poll had a margin of sampling error of 3 to 4 percentage points. (NYT)

If Money Talks, Perot Speaks the Loudest

WASHINGTON — Ross Perot may still be third in the polls but he has quickly surged to the front of the presidential spending race, bankrolling \$2 million a day since re-entering the campaign this month. In fact, the Texas billionaire's expenditures in the first half of October outdid President George Bush and Governor Bill Clinton combined, reports filed with the government showed.

Mr. Perot reported spending \$26 million in the first 14 days of October, compared with Mr. Bush's \$12.3 million and Mr. Clinton's \$11.9 million over the same period. Mr. Perot has spent a total of \$48 million on his election bid, all but \$1.3 million of it his own money. During the last debate with his opponents, on Monday, he predicted his tab would run to at least \$60 million.

Most of his October spending, \$23.6 million, went to his advertising team, which staged a \$17 million network television advertising blitz immediately after Mr. Perot's re-entry and has another big push that began Thursday. The rest was split among promotional materials, expenses of his volunteer organization and travel. (AP)

Will the Real Candidate Please Speak Up?

WASHINGTON — White House officials say they have scrapped plans for James A. Baker 3d, the president's chief of staff, to give a speech outlining the future domestic policies of the Bush administration. They said they feared that if Mr. Baker were to give such a speech, it would only raise uncomfortable questions.

White House officials have begun to see a stream of editorials and cartoons lampooning Mr. Baker for having to use Mr. Baker to persuade voters that the president had a domestic policy program. The theme of the cartoons was that if Mr. Baker were needed for such a task, why not dispense with the middleman and just make Mr. Baker the candidate for president? (NYT)

Quote-Unquote

George Bush, on the stump: "Character counts. Character matters. You cannot be all things to all people, and yes, it matters." (AP)

Away From the Hustings

- Astronauts aboard the shuttle Columbia deployed the Laser Geodynamics Satellite, or Lageos, studded with 426 prisms. Lageos is identical to a satellite launched on an unmanned rocket in 1976.
- A comet named Swift-Tuttle could collide with Earth on August 14, 2126, but it's only a snowball's chance, according to the International Astronomical Union in Cambridge, Massachusetts.
- At least 1,470 children died from Reye's syndrome because of a nearly five-year U.S. government delay in requiring warning labels on aspirin, according to a study published Friday. Doctors have reached a consensus that the use of aspirin to treat flu and chicken pox could cause Reye's syndrome. The children suddenly become lethargic and sink into comas. Many die within a few days.
- A U.S. Army sergeant was charged with espionage for providing military secrets to agents for Hungary and Czechoslovakia from 1985 through 1988. The FBI arrested Sergeant Jeffrey Stephen Roudane, 29, in Tampa, Florida.
- A proposed Mississippi desegregation plan would close one of the state's three black colleges and merge another with a predominantly white university. The trustees of Mississippi's eight-campus public university system offered the plan to a U.S. District Court in Oxford.
- A convicted double murderer was executed by lethal injection in Raleigh, North Carolina. John Sterling Gardner, 34, was sentenced to death for killing two restaurant employees in 1982.
- Rick Springer, an anti-nuclear activist who shattered a crystal eagle on a podium in Las Vegas where Ronald Reagan was speaking last spring, admitted to a charge of interfering with the Secret Service.
- A lawsuit demanding more effective lead-poisoning tests for poor children has been filed by the NAACP in Dallas. It would force the government to use more accurate tests nationwide.
- The Pentagon has awarded a \$550-million contract to Bell Helicopter-Textron Inc. and Boeing Helicopters for the development of the V-22 Osprey tiltrotor aircraft. Although President George Bush and Defense Secretary Dick Cheney opposed the aircraft for years, they did a turnaround in July.
- Los Angeles teachers rejected a contract proposal that provided for a 5-percent pay cut and authorized a strike that could shut down the huge school district.

AP, WP, LAT, NYT, AFP

Democrats Make Big Gains on Voter Rolls

By Thomas B. Edsall

WASHINGTON — The Democratic Party is making substantial gains in voter registration — a key indicator of political strength — in almost every section of the country except the South.

The most dramatic Democratic gains have been in the West Coast states and Rocky Mountain states, where Republicans held sway for two decades. In addition, for the first time in a generation, Democratic voter registration gains were based on large numbers of new white voters to bolster the party's expanding base among black and Hispanic constituencies.

"We broke the barrier, we are No. 1," said Howard Gelt, Democratic Party chairman in Colorado, where as of Oct. 2 Democrats outnumbered Republicans 652,717 to 649,619, overcoming the relatively strong 653,464-598,641 Republican advantage in 1990.

Bruce Benson, chairman of the Colorado Republican Party, said Democrats benefited from competitive primaries both at the presidential level and for the Democratic nomination for the U.S. Senate, which bolstered voter interest.

The pattern of Democratic voter registration gains was, however, true in virtually every state that has partisan registration — some states, such as Illinois, do not have it. Two exceptions were Florida and North Carolina, where the steady erosion of the overpowering Democratic registration advantage continued from 1990 to 1992.

The Democratic gains are particularly damaging to Republicans in the West, where they had been making steady advances in electing candidates and in the way voters describe their party affiliation to poll takers. In Wyoming, for example, election officials said that from 1990 to 1992, Republican registration remained virtually the same at just above 125,000, while Democratic registration rose to 83,331, from 77,140, an 8-percent increase.

In terms of long range consequences, by far the most important trend in registration emerged in California, which has 54 electoral votes, the largest in the nation.

There the Democratic Party chairman, Phil Angelides, called a press conference to announce a "historic turnaround," reversing the trend of steady Republican gains. California Democrats added 1.2 million new voters from Feb. 2 to the close of registration Oct. 5. That is twice the number of new Republicans, 523,197.

Throughout California, the new Democrats added to the rolls pushed the party's share of the electorate to 49.1 percent, from 48.4 percent, while the Republican share fell to 37.0 percent, from 39.1 percent, according to Democratic calculations.

The Democratic gains in the West appeared to be replicated, at least modestly, in the Middle West and the East. A check of the four most populous counties in Kansas, for example, showed the number of Democrats growing by 22,838 compared to 18,084 for the Republicans. The difference becomes even more significant in light of the fact that Republicans have held a solid 3-2 edge in the state.

Clinton Already Being Lobbied on China Trade

By Daniel Southerland

PITTSBURGH — American business leaders are not waiting for the results of the Nov. 3 election to begin pressing the Democratic nominee, Bill Clinton, to abandon his threat to link U.S. trade with China to the Beijing government's progress on human rights and other issues.

Directors of the National Association of Manufacturers, the leading lobbying group for the manufacturing industry, are prepared to come out in favor of most-favored-nation trading status for China, with no conditions attached, at a board meeting in Pittsburgh.

Last month, Mr. Clinton denounced President George Bush's support for renewal of the privileged trading status and endorsed legislation that would condition such a renewal on improved Chinese behavior on human rights, overseas arms sales and fair trade.

R. K. Morris, the group's director for international trade, said it would speak out on China trade partly because the issue is expected to be "very high profile" next year, regardless of who is elected president. The statement also sends a signal to Mr. Clinton not to hold the trading relationship hostage to other issues.

"We believe that China's participation in international trade is going to do more to

promote human rights in China than cutting off trade," Mr. Morris said.

The statement said that the imposition of conditions "has been ineffective in achieving change."

It added, "American values in areas such as human rights will be more effectively advanced if American companies are actively engaged in China."

"Trade issues like this are a real test of Clinton's leadership ability," said Robert A. Kapp, executive director of the Washington State China Relations Council, a private-sector, nonprofit group promoting trade with China.

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Patten Lashes Back at Critics in Beijing

By Laurence Zuckerman
International Herald Tribune
HONG KONG — Governor Chris Patten struck back at his Chinese critics on Friday, mocking Beijing's record on human rights and its inactivity in the colony in order to undermine popular support for his proposed democratic reforms. Returning to Hong Kong from Beijing after three days of criticism and diplomatic slights from Chinese hosts and weeks of abuse at the hands of the colony's pro-China press, Mr. Patten let his anger show at a dinner sponsored by the Freedom Forum, a U.S. charitable foundation devoted to promoting freedom of speech. The foundation's chairman read a recent description of Mr. Patten by the Chinese state news service as "naïve and arrogant."

Mr. Patten responded: "The day something from the New China News Agency sounds flattering is the day I will be worrying. Maybe one day I will enjoy an exemption from that bastion of the free press."

Later, referring to Beijing's de facto ambassador in the colony, Mr. Patten said, "Maybe you should have invited the director of the New China News Agency to make a speech about the free press."

THREAT: China Raises Stakes

(Continued from page 1)
but was prepared to go ahead without it. He acknowledged that China could dismantle the electoral system after 1997, but felt it would be unlikely if Hong Kong residents approve of the changes.

"I do not believe that it is commonly the practice to change things that work well," he said. "People in Hong Kong are perfectly capable of their own affairs in a way that is responsible, mature, restrained, sensible."

He also rejected China's assertion that he was provoking China with his proposals. Mr. Patten said the airport would be built "not because it serves British interests in any way, but because Hong Kong needs it."

"And Hong Kong will get it," he said, although he acknowledged it would be difficult to start construction without China's approval.

words of his Chinese critics back at them, taking Beijing to task for attacking his program without offering alternatives.

"That is no way to cooperate," he said. "That is no way to demonstrate what is the term?—public sincerity."

Asked if the British government would stay the course in pushing for more democracy for the colony, Mr. Patten said that there was not "a millimeter" of difference between him and the government of Prime Minister John Major. He said it would be "silly" to try to drive a wedge between him and his "friends in the cabinet."

Peres Meets Pope and Invites Him To Israel

By Alan Cowell
New York Times Service
ROME — Pope John Paul II accepted an invitation on Friday from Foreign Minister Shimon Peres to visit Israel and spoke emotionally of what the Vatican called his "burning desire to one day be able to be a pilgrim in that region and above all the Holy Land and Jerusalem."

The 45-minute encounter between the two men at the Vatican was the first high-level contact since the two sides agreed last July to begin negotiating full diplomatic relations. It signified a further move toward normalizing ties that have often been strained.

But while the pontiff and Mr. Peres agreed that the two sides would exchange "personal representatives"—a short of diplomatic representation—the Pope did not set a date for visiting Israel. The Vatican, moreover, sought to balance its growing warmth toward Israel by scheduling a meeting with a high Palestinian official and a senior Palestinian leader a few hours after Mr. Peres's talk with the Pope.

Since the founding of Israel in 1948, the relationship with the Roman Catholic Church has been overshadowed by the Vatican's concern for the plight of Palestinians, a minority of whom are Christians, access to holy sites, and Israel's 1980 annexation of East Jerusalem, which the Vatican does not acknowledge.

AMERICAN TOPICS

Disposable Victory In the Diaper Wars

Disposables appear to have won out over reusables in the diaper wars. The New York Times reports. Three years ago, 22 states considered taxing or banning disposables. None did so. In the Environmental Protection Agency's new guide to reducing waste, the word diaper never even appears.

More than 17 billion disposable diapers were sold in the United States last year, and every child who uses them goes through about 4,500 during his or her infancy. Cotton diapers, by comparison, can be used hundreds of times, then recycled. But they account for less than 15 percent of the market.

For years environmentalists argued that disposables often include plastics that can't be broken down, and account for a mountain of unnecessary trash each year. Cloth diapers seemed environmentally benign.

VODKA: In the New Russia, Problems With Drink Are Worse Than Ever

(Continued from page 1)
to now than in 1984. But they are drinking just as much vodka, even though its price has gone up considerably. And more of the vodka consumed is *smogon*, home brew of dubious quality. Unknown numbers of people continue to get their alcohol, and their early deaths, from dangerous or poisonous substances from anti-roach chemicals to gasoline.

"Today the patterns of drinking are also more dangerous than they were," said Vladimir G. Trenin of Duke University, an economist and expert on Russian drinking. "Although in some wine-drinking countries more pure alcohol is consumed per capita than in Russia, the pattern of drinking—often with food and family—is safer, he and others say. "Drinking large quantities of distilled liquor in a short period, which is typical of Russia, is the most dangerous," Mr. Trenin said.

through the bottle, and of a rigorous social etiquette requiring that once a vodka bottle is open it must be emptied. *Smogon* left in the bottom of the glass is bitterest, the saying goes, and there is still significant social sympathy for those who find that the pain and tragedy of life is best resolved through alcoholic oblivion.

Vodka is cherished, almost akin to patriotism, and the poorest family will break out a bottle for guests. Vodka is a diminutive of *voda*, or water, and is regarded as just a natural part of life. Around it, as around wine in the West, much romance has grown, and aficionados argue passionately about which vodka from which distillery is the most flavorful, smooth, pure. There are many different brands and flavors: lemon, pepper, fruit, buffalo grass and a "hunter's vodka," deep brown with herbs and spices.

Liberal Hong Kong legislators, meanwhile, urged Mr. Patten to stand his ground and advised the colony's 5.8 million residents to prepare for a long fight.

"We have to continue to persuade the Chinese government that democracy is what Hong Kong wants and that it's not a threat to Peking," said Emily Lau, a directly elected member of the colony's Legislative Council. "Hong Kong people have to stand up and be counted." (A.P. Reuters)

SOMALIA: Glimmers of Improvement in Bleak Land

(Continued from page 1)
whose workers have been picking up bodies every morning since July and taking them to four vast graveyards. "They were the weakest. In all, I think about 25 percent of the population has died."

On Thursday morning, 48 of the 65 dead were adults, many, Mr. Ahmed said, had died from malnutrition-related diseases and were not receiving medical care.

According to calculations by the International Committee of the Red Cross, more than 20,000 people have died in this town since July. About 100,000 Somalis are estimated to have died of hunger since early this year.

key to large-scale food deliveries, has been operating intermittently. The capital's airport was closed this week because of fighting. Airlifts to two large, open air bases, Belet Uen and Bardera, have been stopped in the last 10 days because of clan warfare.

United Nations troops, sent to Mogadishu last month to protect food convoys from being looted, remain at their bases, mingling with local warlords and gunmen about how they should be deployed. The Red Cross said that by staying in their barracks, the 500 troops had lost "the psychological impact of their presence."

Half of the 60 foreign aid work-

ers were evacuated from Baidoa last week when it seemed that fighting in Bardera, 260 kilometers southwest, might spread there.

In Bardera, General Mohamed Siad Barre Morgan, the son-in-law of the deposed president, Mohamed Siad Barre, last week defeated the troops of one of Somalia's main warlords, Mohammed Farah Aidid.

Much of the destruction in Baidoa was done by the troops of Mr. Siad Barre as they fled Mogadishu after their defeat in January 1991.

Many of the local people said they feared a reprise if General Morgan advanced on Baidoa.

To Mr. Ahmed, the lack of movement by the United Nations toward a political and military solution is the greatest impediment to the relief effort.

GATT: EC Allies Breaking Ranks

(Continued from page 1)
short period of time" — perhaps before Nov. 3. He added that he was hopeful it would be acceptable to France. "We are in a Community of 12, of course," he said.

Community officials said that while the American negotiating team had flown home from Brussels Thursday after the talks on farm subsidies and cereal and oilseed substitutes collapsed, the deadlock could still be broken at a political level. "The technical talks had gone as far as they could," one official noted. "It is now a question of a political breakthrough."

Adding to the present uncertainty, U.S. officials say they have perceived different positions within the Executive Commission's leadership. The Financial Times went further, reporting a "bitter split" on the farm subsidies issue between Mr. MacSharry and the Commission's powerful president, Jacques Delors.

Short Takes

A Swedish tilt-train, designed to allow higher speeds on conventional track, will shortly begin tests in Amtrak's Washington-Boston corridor. The X2000, designed by the Swiss-Swedish company Asca Brown Boveri, has axles that pivot independently, allowing higher speeds on curves. At the same time, the car tilt, providing greater passenger comfort. The X2000 does not require new track construction, unlike French or Japanese high-speed trains. But it cannot attain their speeds of 186 mph (300 kph) or up; its top is 150 mph. The electric-powered X2000's greatest potential lies between Boston and New York, where numerous curves now limit speeds.

On 11.5 acres of Oregon soil, at intervals of six inches, 2 million 8-inch cuttings from yew trees have been planted. They contain a taxol—the most promising cancer drug discovered in the last 10 years, according to the National Cancer Institute. By next year, Weyerhaeuser Co. expects to have planted 15 million yews under contract with Bristol Myers Squibb Co., the pharmaceutical company that will market the drug. Until now, only yew trees were available for the extraction of taxol. But courts

have forbidden clearing on old-growth forests, where yew is predominantly found, to protect the rare northern spotted owl. It takes the bark of three 150-year-old wild yew trees, about 10 inches (25 centimeters) in diameter, to yield enough drug to treat one cancer patient. The 4.7 hectares of nursery saplings will be harvested in only two to four years, when only a half-inch or so in diameter. But new technology synthesizes taxol from every part of the tree—the bark, wood and needles.

Waiters and waitresses are more likely to die from lung cancer because of other people smoking than members of the general population, according to a report by a University of California at Berkeley researcher, Michael Siegel. He said that nonsmoking restaurant workers are 1.5 to two times more likely to die from lung cancer as other nonsmokers, because they breathe the smoke of restaurant customers and other workers who were smokers. Exposure to smoke in restaurants is three to five times higher than in other workplaces, he said.

Gil Cheney, a breeding analyst for CBS-TV and a former prize-fight trainer, said of overweight boxers: "That's why I like to train horses. When you have a horse, you can lock him in the barn at night."

Arthur Higbee

AKIHILO: 'Deep Sorrow' but No Apology to China

(Continued from page 1)
ized relations in 1972. Mr. Yang, 40, made note of the "untold sufferings of the Chinese people" during the Japanese occupation and said the past experience would serve as a good guide for the future. But he also told Akhito that the visit marked a new stage in the development of friendly relations.

Mr. Yang said the date of the visit was auspicious, since it was exactly 14 years ago that the senior leader, Deng Xiaoping, then a deputy prime minister, visited Japan. Mr. Deng, 88, is not expected to meet with Akhito.

But Beijing's leaders rolled out the red carpet for its most prominent foreign leader since Chinese soldiers opened fire on pro-democracy demonstrators three years ago. Akhito and Empress Michiko arrived on a chartered Japan Air Lines jet and were greeted by Japanese school children waving white-and-red national flag. They were whisked into downtown Beijing in a 61-car motorcade, the emperor in a black Mercedes, the empress in a black Cadillac.

BUSH: Personal Appeal

(Continued from page 1)
as a liberal." But Mr. Bush is also reflecting the ideological strains in his own party, which is struggling to hold together its coalition without the glue of anti-Communism or a strong economy, and with the abortion issue increasingly divisive. The party's attempt to use "family values" backfired badly after the convention in August.

Instead of a rallying ideological assault, Mr. Bush has focused on character. He talked about Mr. Clinton as a waffler, a man engaged in "a pattern of deception," a man who wanted to have it both ways even on something as clear cut as the use of force in the Gulf War.

At every stop, he read Mr. Clinton's statement on the war: how he would have voted with the majority, but understood the concerns of the minority. And the president talked of his own hard decision to send "your sons and daughters" into war.

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111 Message: "I
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112 Micraner, e.g.
113 Medieval helmet
114 "Haystack at
Giverny" painter
115 Inclines
116 Science writer
Willy —
117 Chevys like a
beaver
118 — Rock,
Australian
tourist attraction

BOO! By Calista Luminati

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Solution to Puzzle of Oct. 17-18

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VIENNA COMMUNITY CHURCH, Sunday
worship in English 11:30 A.M., Sunday
school, nursery, international, all denomina-
tions welcome, Dorotheergasse 16, Vienna 1.
151225 & 309892.

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testant English language services, Sunday
11:00 a.m. (Sept.-May), 10 a.m. (June-Aug.)
Sunday School, crèche, weekly bible study.
Miodowa 21. Tel. 43-2570.

ZURICH
INTERNATIONAL PROTESTANT CHURCH
English speaking, worship services, Sunday
School & Nursery, Sunday 11:00 a.m.,
Schorneggasse 25. Tel. (01) 2625252.

Supreme Court
Officers
Blood
AIDS
Expelling Russian Spies

طابلا من الذهب

Paris Court sentences Ex-Officials Over Blood With AIDS

By Marlise Simons
New York Times Service

PARIS — A French court sentenced three former health officials Friday on charges of distributing tainted blood that resulted in the infection of more than 1,250 hemophiliacs with the AIDS virus. Of 273 victims, 273 have already died. The case stirred outrage in France after an official investigation showed that senior health officials ordered the continued use of blood stocks even though they knew them to be contaminated and procedures to detect and eliminate the virus were available.

The court sentenced Michel Garreta, the former head of the National Blood Transfusion Center, to four years in prison, and his deputy, Jean-Pierre Allain, to four years, two of them suspended. The two men, both doctors, were ordered to pay the equivalent of \$1.8 million in compensation to victims and their families.

Dr. Garreta, who is working in the United States, was also fined 40,000 francs (\$100,000). Of the two other defendants, one received a four-year suspended sentence and one was acquitted.

Many French people, including families of victims, are angry that former cabinet ministers were not charged for their political responsibility in the 1985 episode. During the six-week trial this summer, Edmond Hervé, who was deputy health minister in 1985, stunned the court with his testimony that he and others in the government knew that all blood stocks were contaminated more than four months before they were ordered withdrawn.

But lawyers' efforts to bring three former cabinet ministers to trial, among them former Prime Minister Laurent Fabius, failed in a parliamentary commission last week.

As the court read its verdict, relatives of AIDS sufferers in the room sobbed, and one of them cried out: "The state is a murderer, and the judicial system is its accomplice!"

Thierry Choquet, a 31-year-old hemophiliac who was infected with the AIDS virus, said afterward that he was satisfied. "I had not expected this much," he said.

But outside the Palais de Justice, activists of an AIDS awareness group staged a loud protest, and family members of hemophiliacs expressed anger and pain.

"It's a parody of justice," said Marie-Cristine Lesne, whose 14-year-old son contracted AIDS from the tainted blood. "When you take a gun and pull the trigger, you are aware that you have killed and you go to jail. These people were all aware that they were killing."

Joelle Bouchet, whose 17-year-old son, a hemophiliac, is dying of AIDS, said the verdict was minimal. "What do you give for my son's life, four years in jail?" she said.

Mrs. Bouchet said she was shocked that the court had placed all the responsibility on Dr. Garreta, rather than holding higher government officials accountable for their actions.

Although the court heard a long line of witnesses, none of the health officials explained fully why the tainted blood stocks were not withdrawn until October 1985, even though in May of that year blood bank officials knew of the contamination of the blood proteins that hemophiliacs need.

One reason given was that the National Blood Transfusion Center was under pressure from the Health Ministry to become profitable and to compete better with France's neighbors.

In his verdict, the court said the accused had deceived hemophiliacs and their goal was to fool them until tainted blood stocks were used up. "If fully informed, the hemophiliacs could have made a different decision," the court said.

Doctor to Surrender

Dr. Garreta, whose lawyers said he would appeal the verdict, is living in Brookline, Massachusetts. The Associated Press reported from Paris that the court issued a warrant for his arrest, and French television quoted his wife as saying he would surrender promptly.

"I think it's political, the judgment," she said by telephone from her home.

U.S. Embassy officials said Dr. Garreta applied for the work visa in February, before his trial. The file will now be reviewed, a spokesman said. Privacy regulations prevented him from identifying Dr. Garreta's employer.

Paris Expelling 4 As Russian Spies

Reuters

PARIS — France said Friday that it was expelling four Russian intelligence agents for obtaining secret documents on French nuclear weapons testing.

A Foreign Ministry spokesman said the Russian chargé d'affaires, Oleg Krivonogov, was told the four, who were not identified, must leave France by Nov. 1.

A 35-year-old nuclear physics engineer at the Atomic Energy Commission, Francis Temperville, was charged last month with selling secrets on French atomic testing at Atafu Atoll in the South Pacific, the former Soviet Union in 1989 and 1990.



Police dragging away demonstrators outside the Palais de Justice in Paris after the sentencing of the former health officials.

Mobs in Germany Attack 2 Immigrant Hostels

Reuters

BERLIN — Mobs shouting "Germany for the Germans!" hurled rocks and gasoline bombs at two immigrant hostels and attacked a group of foreign students in Eastern Germany on Thursday night and early Friday.

Young Germans attacked the students in front of their residence in the northeastern town of Greifswald and drove them back inside, a police spokesman said.

The police arrived in time to prevent a major brawl but were pelted with rocks and gasoline bombs by the rioting Germans. A total of 15 people were detained for disturbing the peace. No serious injuries were reported.

In the Baltic coast town of Ueckermünde near the Polish border, about 20 rightists shouted racist slogans and threw stones at a hostel for foreign asylum seekers, the police there reported. Four people were detained.

Youths threw three gasoline bombs into a public housing complex occupied by Vietnamese in Bergern near Weimar in the south of Eastern Germany. A fire was put out quickly, and there was no notable damage.

The police also reported a fire-bombing Friday at a former Nazi concentration camp near Berlin,

the second such attack in a month. A guard at the former women's camp in Ravensbrück saw a man running away on Tuesday evening after two firebombs were thrown. Damage was small.

A police spokesman could not explain why news of the attack was not issued earlier and only came in reaction to a report to be published in the leftist daily Tageszeitung on Saturday. Firebombs destroyed barracks at the former Sachsenhausen camp last month.

Violence against foreign refugees and residents has plagued Germany this year.

German rock music stars have united in an advertising campaign aimed at discouraging young people from taking part in racist attacks. Imitating the cover photograph of the Beatles' 1960s album "Help," the advertisement shows the singers Udo Lindenberg, Peter Maffay, Marius Müller-Westernhagen and Wolfgang Niedecken posing side by side with arms extended.

It accompanies an appeal to resist racism signed by 200 German musicians.

The Interior Ministry said it was sponsoring the campaign in youth magazines because police figures showed that 80 percent of those responsible for racist attacks were under 21.

AIDS Origin Theory Doubted But Scientists Urge a Polio Vaccine Change

By Gina Kolata
New York Times Service

NEW YORK — A group of expert scientists has concluded that a provocative hypothesis that AIDS originated as a contaminant in polio vaccines is highly improbable.

The group nonetheless recommended that vaccine manufacturing be changed, just to be safe. Viruses for vaccines are currently grown in tissues taken from newly killed animals.

The group recommended that instead they be grown in cells cultured in the laboratory, which can be more easily checked for the presence of contaminating viruses.

The scientists were called together by the Wistar Institute, a research center in Philadelphia and an original maker of polio vaccines, to resolve a smoldering debate over a theory on the origin of AIDS.

The hypothesis was advanced in the March 19 issue of Rolling Stone magazine by Tom Curtis, a freelance reporter, and has received widespread publicity.

Mr. Curtis argued that some lots of live polio vaccines that were given to Africans in 1957 were tainted with monkey viruses similar to the human immunodeficiency virus that causes AIDS. And the monkey viruses got into the vaccines, he proposed, as a hidden contaminant of the monkey kidney cells used to grow batches of polio virus.

Once the monkey viruses entered the human population, he said, they gradually evolved into the human immunodeficiency virus, known as HIV.

Mr. Curtis noted that many scientists believed that HIV originated from a monkey virus in Africa and that the Congo, the area where the AIDS epidemic first broke out, was the place where 300,000 Africans were given a live polio vaccine in 1957.

Dr. Clayton Buck, a panel member from the Wistar Institute, said the center had sought an indepen-

dent scientific assessment of the hypothesis as a public duty.

The Wistar's former director, Dr. Hilary Koprowski, developed the polio vaccine used in Africa. "We had to at least investigate the possibility," that the hypothesis was correct, Dr. Buck said.

Dr. Frank Lilly, a committee member from the Albert Einstein College of Medicine in New York City, said: "It was actually a plausible hypothesis. We were not hostile to it."

But Dr. Eckard Wimmer, a committee member from the State University of New York at Stony Brook, said that after examining the evidence, the group had concluded that "the hypothesis is so unlikely that we don't have to take it seriously."

Essentially, the scientists concluded that the only way the hypothesis could be correct was for a sequence of four improbable events to have occurred:

- The monkey AIDS virus grows in some kinds of cells of the animal, but not those of the kidney. The vaccine would have to be contaminated with these other cells. Furthermore, the fragile virus would have to survive unscathed after at least two cycles of freezing and thawing and a 300-fold dilution, the steps taken to make the vaccine.
- The virus would have to infect people through sores in the mouth, since it is not transmitted through intact skin.
- The virus, though used to living in monkeys, would then have to be able to multiply in humans.
- The virus would have to mutate into HIV, a process that many scientists think would take decades or even centuries.

The group concluded that the chances that this chain of unlikely events occurred and led the AIDS epidemic is "extremely low."

They wrote that "almost every step in this hypothetical mode of transmission is problematic."

In addition, they noted, the first identified case of AIDS was in a merchant seaman who died of the disease in 1959. The man had traveled to Africa in the 1950s, but he was living in Manchester, England, by the first half of 1957, when the polio vaccinations began.

"Therefore, it can be stated with almost certainty that the large polio vaccine trial begun in late 1957 in Congo was not the origin of AIDS," the committee wrote.

Genetic Advance Is Near on Form Of Alzheimer's

Los Angeles Times Service

LOS ANGELES — Researchers are close to identifying the gene responsible for an inherited form of Alzheimer's disease that strikes early, typically at about age 45.

The discovery should provide strong new clues about the development of Alzheimer's. The new gene, whose approximate location was reported Friday in the journal Science by a team from the University of Washington, is the third to be linked to this devastating illness and suggests that the cause of Alzheimer's may be far more complicated than previously believed.

The discovery represents "a new window on the disorder," said Dr. Gene Cohen, acting director of the National Institute on Aging. "The more windows we have, the more likely we are to see something that is fundamentally critical" in defining the disease process, the ultimate goal of Alzheimer's research.

The potential identification of the gene also reflects the emerging consensus that Alzheimer's is, indeed, genetic in origin and not induced by some external factor, such as toxins in the environment.

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ART

A Malaga Beach Boy Named Pablo

By John Russell
New York Times Service

MALAGA, Spain — One of the more unexpected cultural reversals of the last half-century in Europe is the appearance in Malaga of a large and serious exhibition devoted to paintings, drawings, etchings and sculptures by Pablo Picasso.

Backed by the Junta of Andalusia, it is the joint achievement of Carmen Giménez, a Spanish curator now on the staff of the Guggenheim Museum in New York, and Gary Hartman of the Metropolitan Museum of Art.

For this show, which is on view through Jan. 11, a splendid new gallery has been created in the remodeled interior of the Archbishop's Palace. The baroque facade (late, but seductive) has been kept intact, with its subtropical overtones of red and yellow. So have the plain but noble staircase and the single palm tree that shoots up skyward in a very small interior courtyard. Thereafter, all is bare, white, well lighted and well proportioned.

To a degree unimaginable even a generation ago, great museums and discerning private collectors, both in Europe and in the United States, have lent to Malaga.

Furthermore, "Picasso Clásico" has an original subject, and one ideally suited to its location. Its purpose is to examine the impact upon Picasso of myth and legend, poetry and drama, as they had proliferated in ancient times on the northern shores of the Mediterranean.

It is a remarkable turn of events. Not so long ago, solicited lenders would have said no, almost without exception, to the idea of Malaga. It might have helped that Picasso was born in Malaga. But the city has no history as a major exhibition center.

It was a further obstacle that Picasso left Malaga in 1891 at the age of 10 and never had a good word to say for it. Return visits in his late teens were brief and did nothing to endear Malaga to Picasso (or him to Malaga).

Nor did the authorities of Malaga pay any attention to its most famous son until Picasso was 80, in 1961. On both occasions (as we know from John Richardson's recent biography) the city fathers traveled from Malaga to Picasso's home in the south of France in hopes of presenting him with what they regarded as an appropriate gift. In 1961 he made fun of them. In 1971 he wouldn't even see them. Times have changed, however.



"La Fuente" (1921), above, in which the woman and the fountain blend. "Woman in a Blue Veil," done in 1921.

Gradually Malaga has woken up to the practical advantages of being Picasso's birthplace. Since Picasso's death, in 1973, the existence and the availability (to a large degree) of his hugely ramified estate has transformed the situation. Wonderful exhibitions almost beyond number can now be organized by professionals who have the backing of local governments.

The show's sharp focus has evident advantages. The word classic has many meanings. It can apply to a new regional movement in art and literature, like the one that burgeoned in Spain in the first years of our century. It can apply to the so-called return to order that was formulated by Jean Cocteau and others in Paris after World War I. (It was a key event in that movement when, in 1922, Cocteau's version of Sophocles's "Antigone" was put on in Paris with a set by Picasso.)

It can also imply a renewed delight in the Greek and Latin authors to whom so many European Old Masters turned for motivation. And it can be used of images of stability and endurance, like the great heavy-limbed female figures whom Picasso portrayed during his Fontainebleau period around 1921.

Picasso's big women are prisoners of no period and have a timeless air for which "classical" is a favorite name. As in Old Master painting, his women are often portrayed by a deep well, and in one major contribution to the current show the fountain and the woman are one.

Above all, Picasso was one of the all-time great beach boys. People bathing, lying on the beach, standing on the beach and gazing around, running on the beach and throwing balls back and forth on the beach — all delighted him. People kissing on the beach did not displease him, either. He was amused by athletes male and female, exhibitionists and acrobats, amateur or professional. And it needed only a sense of the past to find in the quotidian pleasures of the beach an echo of the ancient world. Memories of the beach could be fed into subjects from Ovid, and from Aristophanes.



loosely be described as classical. Quite often it is relaxed, sunny, undemanding. The glorious explorations of high Cubism play no part. Nor do the inexhaustible possibilities of still life, of which Picasso was one of the great masters.

In some of the 100 items in the Malaga show, we sense that he was as near as he ever got to taking a vacation. But even the famous — often among the least compelling of his images — can take on renewed sharpness, as in the illustrations that he drew after World War II for two stories by Ramón Reventós, a friend of his youth.

It can be argued that at certain crucial times in his career, Picasso was better away from the Mediterranean. It was not by the Mediterranean but 1,500 meters (5,000 feet) up in the mountains of northern Spain, in Gósol, that his work took an astonishing new turn in 1906. It was in Cèret, in the French Pyrenees, that another decisive turn was taken in 1911-12.

It was in Paris, above all, that Cubism reached apotheosis. It was in Dinard, in Normandy, and not by the Mediterranean that his great beach pictures originated. It was in Royan, on the Atlantic coast of France, that he took stock of the disasters of World War II in 1940.

But all this notwithstanding, he took fire to the end of his days from the notion of Mediterranean antiquity. Visitors to Malaga can see that in the great, late painting of the "Rape of the Sabine" (1963) that has been lent from the Boston Museum of Fine Arts.

The show will not travel. Given the quality of the loans, and of the catalogue texts, it would have been welcome anywhere.



7
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A marble and hard-stone mosaic panel from Mamluk Cairo was sold for £71,800 at Christie's.

Islamic Sales Reflect a Glum Market

LONDON — Cracks in the art market are widening by the day. Islamic art had its worst week in many years as Christie's held its autumn sale on Tuesday, which was followed by Sotheby's on Thursday and Friday.

SOUREN MELIKIAN

— no one talks about "Christian art" from Charlemagne to Impressionism — it covers broad geographical areas. On all fronts, from Iran and Turkey to Syria and Egypt, the crisis could be seen to be taking its toll.

MANY lots fell without any attempt at bidding from those in the room. The start was slow. Eight of the first 10 objects found no buyer at Christie's.

As the sale at Christie's progressed, the auctioneer sensed that the high estimates were out of touch with reality. He made concessions here and there, in an attempt to limit the havoc.

£1,000 to £1,500, he let go a golden lustre jug, also of the 13th century, for £600 — well below the £1,000 estimate. Ten minutes later, a 14th-century tray decorated with birds in gray and white sold for £3,300, one-third below the low estimate.



A 13th-century Syrian jug went for £17,600.

Only the utmost rarity allowed some of the more highly priced items to exceed the low estimate. A Syrian footed tray of the 14th century decorated with a wheel of half-palmette in a style greatly influenced by that of Kashan pottery in central Iran, climbed to £10,450.

Overestimating has a punishing effect on objects that would normally sell. A small Iranian inkwell made in Khorasan in the early 13th century was perfectly charming with its human-headed birds. It elicited no bid and fell at £420.

In such a context, it took the most spectacular marble and hard-stone mosaic architectural revetment from Mamluk Cairo, perhaps from the 15th century, to exceed its high estimate. It did so at £71,800, helping to restore the financial outcome of the season devoted to objects.

and leaves from manuscripts, which have traditionally been the soundest area in the Islamic field, also showed signs of market destabilization. In one or two cases, prices exceeded the high estimate only because the cataloguers had failed to detect some crucial detail.

At Sotheby's, the game was replaced by some interesting nuances. The manuscripts and miniatures fared much better on Friday than they did on Tuesday at Christie's. One Koran page considered to date from the seventh century sold for an astronomical £159,500.

There was a surge of uncontrolled enthusiasm over two leaves from a Koran painted in the beautiful rounded "Kufic" script cultivated in Khorasan in the 9th and 10th centuries. The cataloguer decided they were from North Africa.

given by Shah Tahmasp of Iran to Selim II of Turkey on his accession, was stranded at £170,000. The unreal estimate read £250,000 to £300,000. A remarkable Koran completed in Ramadan 974/September 1567, signed on the last page by Mohammad Qasem ibn-e Malek Hosayn-e Tuni, fell into emptiness at £36,000, which would have been a good price, if offered by a buyer. The printed estimate, £70,000 to £90,000, was untenable, and not one bid came from the attendees.

At Sotheby's, the game was replaced by some interesting nuances. The manuscripts and miniatures fared much better on Friday than they did on Tuesday at Christie's. One Koran page considered to date from the seventh century sold for an astronomical £159,500.

THINGS were very different regarding the works of art in Thursday's sale. A superbly well-preserved jug from 13th-century Syria painted in golden lustre shot up to £17,600. On the other hand, some adventurous entries were so unconvincing that the attendees sat staring.

A Greek silver drinking mug — presented under the "Ottoman" banner, which sells better, and ascribed, vaguely to "Eastern Europe" — based on 16th-century design but probably dating from the early 18th century, according to Yanni Petsopoulos, whose knowledge in this area is considerable,

stopped dead in its tracks at £13,000. This was very far from the hoped-for "£25,000 to £35,000." Not all was lost, however, for Sotheby's, which had a fluke of luck with a strange tile-mosaic revetment panel in a style well known from architectural revetments in Isfahan. The outer calligraphic frieze in white or deep-blue stone shows some signs of weathering, on the blue sections but hardly any can be seen on the geometrical pattern it frames. Curiously, this pattern is too short by several centimeters, is chopped off rather abruptly and bears no relationship to the frieze, nor its immediate slanting surround.

This left several observers wondering about the nature, period, and original appearance of the panel. An architectural historian wrote a balanced analysis, which, if carefully read, sounded more damning than encouraging, submitting hypotheses but not drawing conclusions. The panel had stood unsold for years in a London gallery despite strenuous efforts to find a buyer. It could have failed and may have been saved by an allusion to a related panel now in Jidda, Saudi Arabia. It sold for £275,000 and is believed to be headed for Kuwait, where the idea of scoring against the Saudi brothers may have been a powerful selling argument.

A "Safavid tile mosaic roundel," with a lion downing a bull, catalogued as "Persia 17th century or later," a caveat that conveys skepticism, did not have that luck. It was unsold. No wonder that the market was fragile in the past and no wonder that it is dropping fast now. With such stars, a cloak of modest obscurity seem preferable.

Paris Fair: Subdued Mood And Predictable Wares

By Michael Gibson
International Herald Tribune

PARIS — It's that time of year again and, braving icy trade winds, 162 galleries from 14 countries have met under the sheltering dome of the Grand Palais to take part in FIAC, the international contemporary art fair.

About 700 artists are represented, with 100 one-man shows ranging from the brush to the whimsical or, more rarely, from the sublime to the ridiculous. Yet, on the whole, the tone is more subdued than in the past and there is also much predictable, standard fare from earlier decades.

Gmurzinska, from whom one has come to expect good quality Constructivist art, is featuring works by Malevich and others; Denise René, as is her wont, a selection of Op Art and Kinetic works. Sany King is displaying Martin Bradley's bright oils and quantity humorous sculptures in colored glass. At Claude Bernard are large paintings evoking the moody tropical rain forests of Nicaragua by Amado Morales.

Jean Dewasne, the hard-edge abstractionist, has executed a series of sharp, shiny paintings on concave surfaces the size and shape of a car roof (Galerie 44).

Busts of Lenin in all sizes and hues stand frowning on the wall-to-wall carpeting at the Galerie Beaubourg. Huddled together in a flea-market clutter, they look forlorn and out of place and have already caused some tempers to flare among other dealers. All the more so, no doubt, since they do not have any particular statement to make. They are, in fact, no more than leftovers from a large stock of statues that were originally purchased to serve as raw material for the sculptor César.

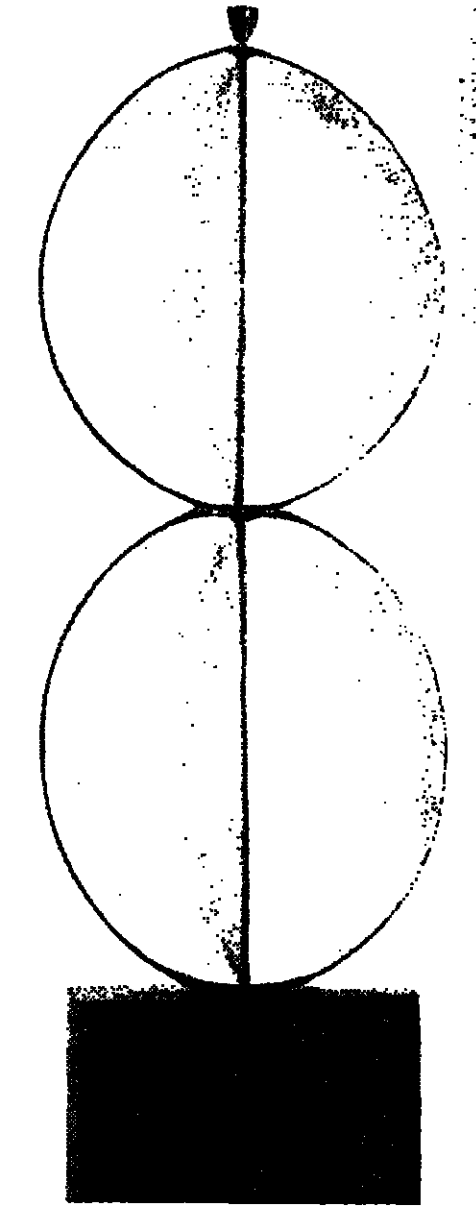
MONTENAY, meanwhile, has chosen to offer satirical comic-book paintings by the Icelandic pop-artist Erró, while Marwan Hoss is showing paintings, mostly recent, mostly large, by the Canadian abstractionist ("There is no such thing as abstract art") Jean-Paul Riopelle.

Other one-man shows feature large landscapes by Gilles Aillaud (Galerie de France), black and gray granite elephant tusks by Michael Prentice (Elisabeth Franck) and attractive fantasies in an illustrative idiom (a well-populated forest rising out of a tabletop, for instance), by Tullio Pericoli (Valente).

Waddington is showing some of Barry Flanagan's large manic bronze hares, and various galleries (Riera, Segal), are displaying paintings by Miguel Barceló, whose authentic and vital talent is among the finest of his generation.

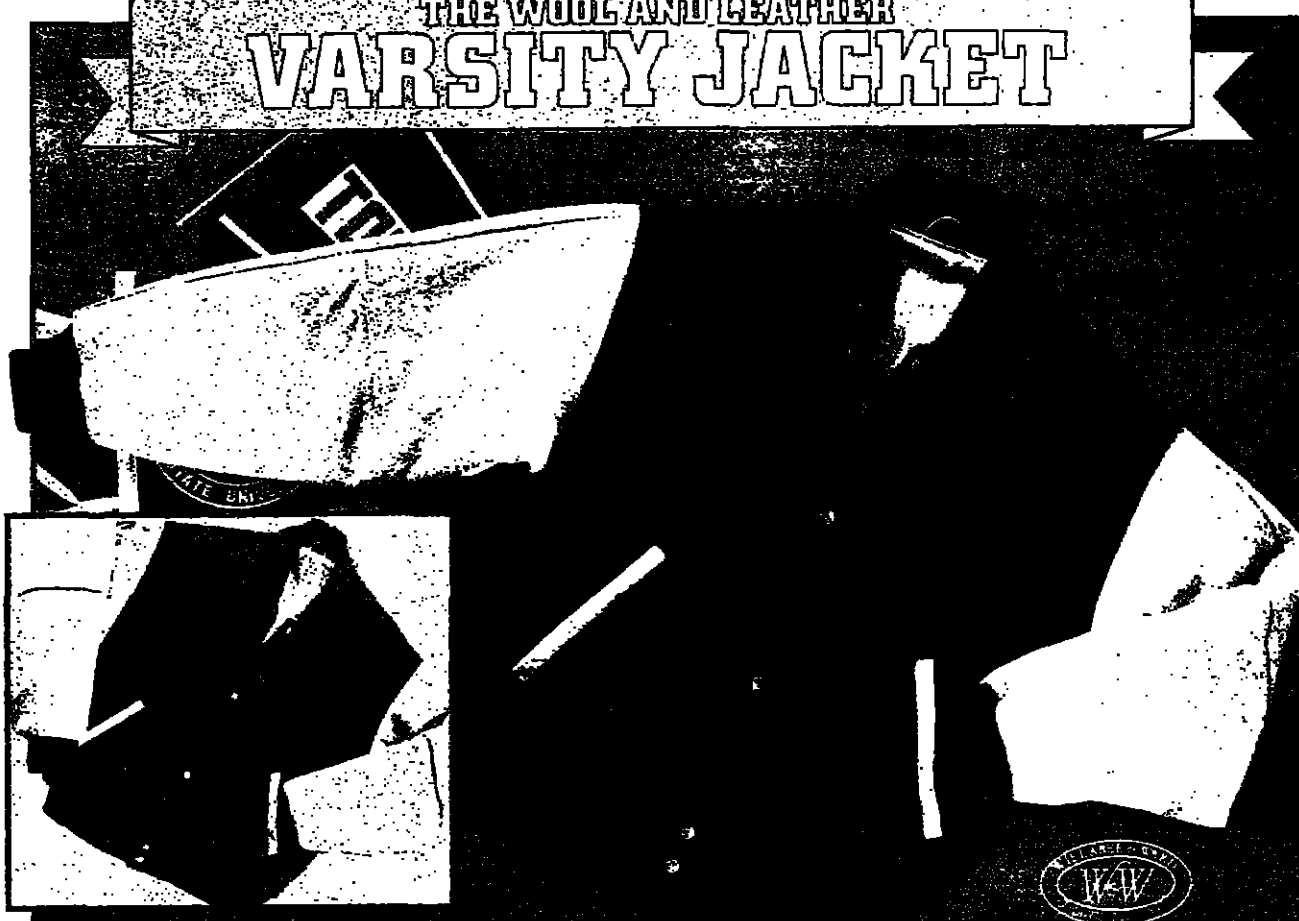
Jan Krugier has chosen to present side by side the introspective work of Zoran Music and some crudely assertive paintings by Picasso. They stand facing one another like two distinct worlds. A deeply affecting triptych by Music offers three male nudes, one of them barely touched up with oil while the other two, self-portraits, are drawings on very large cream canvases; yet they are lit with the same sort of muted dignity beyond all aesthetic preoccupations that one encounters in the last of Beethoven's string quartets.

This year Italian galleries will be featured and 25 were invited to participate. FIAC runs through Nov. 1 and is open every evening until 7:30 and until 11 on Oct. 29.



Axel Cassel sculpture at FIAC.

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International Education

IN THE U.K.

Global Diplomas: Passports to Success

Fostering greater understanding between people from different countries is one of the main aims of the many international schools, colleges and universities based in Britain.

This year has seen a shift in the composition of the student bodies of Britain's international-education institutions. While many report a drop in applicants from the United States, which usually supplies the highest proportion of students, several are now beginning to attract students from East European countries.

New England College, a liberal-arts college based near Arundel in West Sussex, has 150 students from 33 different countries.

'People cannot be insular any longer'

This year, they have one student from Latvia and another from Hungary. "The cultural diversity really works," says Sheila Reilly, the college's dean of admissions. "As one student put it recently, 'We're all alike in our own way.'"

The college offers degree courses in business administration, international studies, and British and European humanities. The average class size is 15. "Class discussion can be very exciting because, with all these nationalities here, it is based on first-hand experience," Ms. Reilly says.

Internationalism is fostered in a different way at Schiller International University, which has 10 campuses in six different countries — including one in Britain, with 500 students based in London or West Wickham in Kent. Schiller students are encouraged to move around between

Germany, France, Switzerland, Spain and the United States during their course. "We do not think students can be really internationally minded unless they travel widely," says Kirsten Katzenbach,



Face to face with the facts: the earlier, the better.

Schiller's admissions director. The courses at the different campuses tend to reflect the strengths of their location: London, for example, is popular for the international relations and diplomacy course, and students do internships in Whitehall.

Such colleges and universities can have a difficult job trying to match entry qualifications for students from different countries. Webster University, which has 150 students in London, looks for the nearest equivalent to

the American high-school diploma — reckoned to be somewhere between the British GCSE and A-levels. The university also accepts students who have the International Baccalaureate. "Its virtue is that,

Early specialization is avoided. Students are also required to do a stint of community service.

"People cannot afford to be insular any longer," says Philippa Leggate, a regional director for the IB. She adds that increasing numbers of establishments in Britain, both state and private, are making use of the diploma course. "It gives them such an advantage in the global marketplace," she says.

This term, the IB has taken on the responsibility for a new International Schools Association Curriculum project, which will devise a curriculum for the "middle years" (ages 11-16), based on IB principles. Several American and other schools have expressed interest. "But we have no intention of strong-arming students to take that route," Ms. Leggate stresses.

The American Community School is one of several schools that favor the IB. Europe's largest independent international school, it has 1,700 students on its two campuses in Cobham and Hillingdon, with day classes for the 4-17 age group and boarding provisions for 12-17 year-olds.

The school draws its students from 52 countries; last year, around 100 students took the IB. There was also a notable increase in the number of students pursuing college-level studies through the American-based Advanced Placement Program.

Continued on Page 9



A new slant on learning: Education in an international environment is a great advantage in the global market.

One Goal: Learning English in Britain

Over the past 30 years, there has been a tremendous growth in the number of students wanting to study English as a foreign language.

Currently, some 615,000 students arrive in Britain every year to study English as a foreign language; the figure exceeds that of any other English-speaking country. The large number of English-language students and courses makes EFL, Britain's largest source of invisible earnings.

It is estimated that, including seasonal language-course organizations, there are now around 1,000 language schools in Britain.

Not all of these are financially sound or reputable, however, and several have been found to be bogus over the years.

"All you have to do is pay a registration fee of 10 pounds at Companies House, put a sign outside the door and set up shop," says one language-school director.

When the government abandoned the inspection of private language schools in 1982, the British Council instituted a recognition scheme to safeguard standards. The scheme covers inspection after two years of a school's management and administration, premises, resources, professional qualifications, teaching, welfare and academic management.

At present, 250 schools have been recognized. Of these, around 200 are also members of the Association of Recognized English Language Schools (ARELS).

To qualify, schools have to prove their financial viability, provide accurate details of courses and their costs, and employ a staff member to deal with accommodation and welfare problems.

Most schools are situated in and around London or the Home Counties; the south coast is a particularly favored area. There are a few schools in Yorkshire and Lancashire, however, and even further north.

"There are quite a few in Scotland now, and students find it a novelty to go there," says Oksana

Higglesden, AREL's public-relations officer.

The best schools offer high-quality courses to meet different needs: Students may want general English, business English or English combined with leisure activities. Courses can be of varying lengths

EFL: key source of invisible earnings

and levels, and class sizes range from one-to-one to groups of 16.

Some schools also cater to younger students in the 12-18 age range, for whom accommodation is arranged with local families. They may offer Easter and summer-holiday courses or courses all the year round.

A high proportion of students — nearly nine out of 10 — come from Europe, with France (30 percent), Italy (17 percent), West Germany (13 percent) and Spain (10 percent) providing the greatest numbers.

Interest is increasing in East European countries, although few students can yet afford to come. Elsewhere, the main growth area is the Far East, especially Japan, Taiwan and Thailand.

The last year has not been an easy one for many of the schools. Some have suffered a drop of as much as 15 percent in their numbers.

Last year, after being in existence for 65 years, the Swiss Mercantile College in London was forced to close.

Sels College, founded in 1975 and situated in Covent Garden, has experienced less of a decrease than others. One of the many recognized schools in London, it has around 120 students, covering 30 nationalities and ranging in age from 17 to 60. Unlike many schools, it does not take group bookings and relies more on word of mouth for attracting students.

Sels College offers eight levels of courses, from beginners to advanced University of Cambridge Proficiency Examination.

The school charges higher fees than most but in return offers its students smaller classes, with numbers varying between five and a maximum of nine in a group.

Principal Yunus Raiss says that the school's methods offer a balanced fare to its students. "The so-called communication method — with its talk, talk — has harmed English-language teaching. We make sure that reading and writing skills are developed as well as oral ones."

Students intending to come to Britain clearly need the fullest possible information before choosing a school.

With this in mind, ARELS publishes a free guide each year, giving detailed information on its member schools.

This useful guide can also be obtained from local British Council or British Tourist Authority offices.

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by Jonathan Croall, a free-lance journalist based in London.

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MBA enrollments in Britain are now up to 8,000 a year, and they are expected to reach 10,000 by the end of the century. Britain is now producing 5,000 graduates a year, considerably more than any other country.

This is a spectacular rate of growth, considering that there were only 2,000

Britain: 5,000 MBA graduates a year

enrollments in the school year 1985-86. There are currently 116 MBA courses on offer. The degree is conferred by 92 separate schools — almost double the number doing so six years ago.

Because of the huge rise in numbers, the market value of the MBA has changed significantly. As one MBA program leader put it: "The MBA used to be a winner; now it's a qualifier." Employers are beginning to distinguish between courses from different institutions, rather than simply accepting the qualification as inherently worthwhile.

MBA students can choose between full-time, part-time, or distance- or open-learning options. The length of courses varies from one to three years; the longer, part-time ones enable managers to carry on in their employment while studying for the degree.

The average age of full-time MBA students is 28, and most are middle-class males with an honors first degree. The proportion of women is changing, how-

ever, and it is now around 25 percent. The proportion of women in part-time courses is also growing, especially in schools attached to the former polytechnics.

A decision to go for an MBA is not one that is taken lightly. The total outlay for a one-year, full-time course may be as much as 18,000-20,000 pounds (\$30,000-\$34,000). Basic fees are around 5,000-6,000 pounds; for a full-time course, living costs have to be added on to that sum, as do the cost of lost earnings.

It is often said that the toughest part of any MBA course is getting admitted to it in the first place. There is a widespread view that, if a candidate can get through the admissions procedure, the chance of obtaining an MBA is very good indeed.

To enter, candidates normally have to face the stringent Graduate Management Admission Test, which tests for numeracy, literacy, and verbal and numerical reasoning. Some schools, however, also place great importance on candidates' motivation, character and personality.

The proliferation of courses has underlined the need for the monitoring of standards. This is one of the functions of the Association of MBAs, founded in 1967, which runs a quality-control system of accreditation. At present, 31 of the schools conferring MBAs in Britain are accredited by the AMBA.

In order to gain accreditation, schools need to sat-

isfy AMBA on questions of identity, size, staffing, admissions, curriculum and attainment. Also taken into account are the school's facilities, international contacts and the extent to which student reactions are taken into account in the design and improvement of courses.

During the last year or so, there have been some criticisms of MBA courses: that they are too academic, that they are not relevant to business needs, that the subjects are taught in too compartmentalized a way. There is evidence, however, that many of the schools have made adjustments to meet these criticisms where they have felt them justified.

One of the first to offer the MBA was the Glasgow Business School. Its full-time course, established in the mid-1970s, was then the only one in Scotland. Nowadays, it is also possible to take an MBA at Stirling, Strathclyde, Edinburgh or Heriot-Watt University.

The Glasgow course has a small intake, with just 40 students admitted each year, so that teaching can concentrate on small groups. "We think we can offer a better service by keeping the numbers down," says Geoff Southern, the program's director. All current students, ranging in age from 22 to 39, have at least two years' business experience.

Although the students come from 22 different countries, only six of the new crop are from Britain. "Full-time MBAs are not

well-supported in Britain," says Mr. Southern. "It is often difficult for companies to justify the expense, because there is a danger that they will lose their employees."

Like other schools, the Glasgow Business School has recently set up a three-year, part-time "executive" MBA course, structured to suit managers who wish to remain at work while studying. In today's economic climate, this option is likely to prove increasingly popular with both managers and companies.

Another option for prospective MBA students is distance-learning courses, which enable them to obtain the degree from leading business schools without having to take long periods of leave from their work. The Warwick Business School, for example, introduced the Warwick MBA by Distance Learning in 1985; the program, which includes an eight-day residential seminar each September, has been particularly successful among expatriates. "We are increasingly attracting students from the growing number of 'global managers' — managers who are used to living and doing business outside their own country," says Stephanie Stray, academic director of the program. "As well as British expatriates from all continents, there are, for example, the Canadian in Malaysia, the Malaysian in Switzerland, the Australian in Saudi Arabia or the Dutchman in Thailand."

A European Network for Business Schools

With the single European market now only weeks away, schools working in the fields of business and management are moving quickly toward an increasingly international outlook. Britain's business schools are forging pan-European networks, recruiting faculty members with international knowledge and contacts, reshaping curricula and stressing language skills.

A report published this month by the Council for National Academic Awards (CNA), "A Review of International Business and Management," suggests that business schools will have to become more internationally minded and that people

paper, and that's about it." The CNA report finds that international programs still account for a minority of most business schools' total activity. "Research suggests strongly that cross-cultural competence is vital for managers dealing in an international context," the report says. "British managers will therefore be handicapped unless they can improve on the low levels of language skills that exist at present."

Not everyone is gloomy about future prospects in this sphere, however. The report, written by consultant Geoffrey Randall, says: "All schools will need to make continuing efforts to introduce international material and to develop their faculty's international knowledge and contacts." It also recognizes that there can be problems, including "resources, staff and institutional resistance, lack of language skills and operational difficulties arising from different cultures and regulations."

One institution that already has strong European links is the Groupe EBS European Business Management School in London. In conjunction with the South Bank University, it offers a Diploma in European Business Management course. This allows students to spend their third year in two of the Groupe's centers, including those in Paris, Madrid, Brussels, Munich, Milan, Andorra and Rome. During the year abroad, they study the practical character of law, marketing, finance and economics in the two countries.

"It coincides with the ancient notion of a university, where you go round picking up education," says Paul Bullock, principal of the London school. "It forces the students to become polymaths. If you send students away, it transforms them. Without that experience, they cannot understand the topics they're being taught. It gives them a completely different perspective."

When the course was first set up, it was unusual in requiring students to learn two foreign languages for business purposes. Nowadays, other schools have put a European element into their courses. Mr. Bullock, however, is skeptical of the value of some of the newer schemes.

"It can be a bit like a black hole," he says. "They send the students off for half a year or a year, they do their project, come back with a bit of

just be a matter of the enthusiasm of a few people," he says. "It is not individual students that need to move in this direction, but whole organizations."

One of the leading schools notable for its links with Europe is the Cranfield School of Management in Bedford. Its tie-up with Groupe ESC in Lyon enables students in its one-year full-time MBA course to study there for part of the time. Then, on completion of their program, they are awarded a joint MBA from both schools.

taught in Spanish and French.

Similarly, students at Canterbury Business School can opt to spend half a year in France, attending a business school at Reims and undertaking a work placement. At the Glasgow Business School, the elective program includes a two-week summer school run in conjunction with schools in Ireland, Denmark Portugal and the Netherlands.

Slowly but surely, the British schools seem to be grasping the European nettle. As the CNA re-

'Study abroad transforms them'

going into business and management will need to be prepared for such change.

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Tomorrow, the world: the latest crop of MBA students.

"There is a marked trend toward recognizing the need to stress the international aspect of courses," says Roger McCormick, director-general of AMBA. "Some real understandings are now being developed with continental business schools."

In the past, many of these arrangements have been made only between individual MBA students in Britain and elsewhere, but David Ashton, chairman of the Council of University Management Schools, believes this is unsatisfactory. "It shouldn't

Other schools run courses with a European dimension. At Strathclyde Graduate Business School, students in the full-time MBA course spend part of their year in Bilbao and Nates, where classes are

port says bluntly: "While English is becoming the lingua franca of international business, a grasp of the languages is an essential basis for an understanding of another culture."

Global Diplomas: Passports to Success

Continued from Page 8

gram. "We're doing more subjects in the program now," says Information Officer Wendy Green.

At the Southbank International School in London, the IB ethos has filtered down to the primary level, which this year has been extended down to age 5 from age 9. Learning a foreign language now begins with German in the primary school, while French is introduced in

the middle school and Japanese in the high school.

"We see fluency in a second language as essential," says Mary Langford, assistant to Southbank's head. "Students who have been in an international environment have a great advantage, in that they understand better how others react."

The school has 230 students from 31 different countries — including six Russian students this year. Many students coming to these schools will need

help with their English. At the British campus of The American School in Switzerland (TASIS), based in Thorne, Surrey, there is an international section. Here instruction in English as a foreign language is offered at intermediate and advanced levels.

The teaching is based on courses in core academic subjects, according to the student's language proficiency. Special sections have been set up for history, science and English literature. "Bearing in mind

that the students are being taught in their second language, the teachers pay special attention to vocabulary," says David Jepson, the school's assistant director of development.

International schools and colleges are chosen by students and their families for a number of reasons, but the chance of gaining a global perspective is clearly one of the principal ones. "They like the openness the school provides to other languages and cultures," says Ms. Langford.

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OPINION

Herald Tribune

Study the Lessons of Iraq

President George Bush was wrong when he said in the debate Monday that American technology played no part in Iraq's nearly successful drive to build nuclear weapons.

tighter international cooperation on export controls. The UN inspectors' revelations — the Iraqis turn out to have been much closer to achieving nuclear weapons than almost any foreigner believed in 1990 — have shocked all the industrial countries' governments into much greater caution.

Clinton's Word on Taxes

"I will not raise taxes on the middle class to pay for my programs." With that ringing assertion, Governor Bill Clinton gave Monday's presidential debate what may be its most memorable moment.

with accountant's precision; they are useful mostly as a guide to a candidate's priorities. Ross Perot promises to eliminate the deficit no matter what the cost. Mr. Bush promises to cut taxes no matter what the cost.

Their Passport Politics

The Bush administration's spokesman at the State Department was full of indignation last week when the Washington Post story broke about the agency's unorthodox handling of Freedom of Information requests for Bill Clinton's passport and citizenship records.

New Hampshire Republican Party makes her one of the most "political" of all Bush administration political appointees. And it turns out the search party also foraged through the files of Mr. Clinton's mother.

Other Comment

The Case for a Clear Apology Emperor Akihito's visit to China, the first such in the 2,000-year history of the Japanese monarchy, aims at improving relations.

for its wartime activities would be interpreted throughout Asia as marking a new chapter in Japanese history.

The Candidates and Global Engagement

By Stephen S. Rosenfeld

WASHINGTON — The untold foreign policy story of a campaign largely empty of foreign policy is that the United States is slouching into the new post-Cold War world in essentially an internationalist mode.

for pushing forward, in the face of strong opposition, on new trade-expansion codes, in the North American Free Trade Agreement and the General Agreement on Tariffs and Trade.

Bush in supporting relief for Yugoslavia and aid for Russia. His defense budget is only nickels and dimes smaller. He lacks experience but plainly sees an international role not as a snare but as a necessity.

This Western Neglect of Eastern Europe Is Obscene

By William Pfaff

PRAGUE — Czechoslovakia, soon to become ex-Czechoslovakia, is the economic success among the former Communist countries.

economic situation will get worse as Slovakia goes its own way.

The Major government in Britain is taken up with a clownish series of political catastrophes of its own making.

struggle of the past 45 years was conducted. The codes of conduct developed among the Western democracies during that period, transforming the character of international relations in the West, are not being imposed in the East, and therefore are rapidly becoming irrelevant to what is going to happen there.

History will hold Western leaders to account for this. To invite the contempt of democracy's foes is grave.

at the moment the glamorous city of Eastern Europe, a place where young Americans in particular come, as they went to Paris in the 1920s, before another dark time began.

million (in a population over 5 million). The dangers are obvious at a time when Hungary is experiencing a rise in chauvinism, anti-Semitism and anti-cosmopolitanism.

This Western indifference makes obscene the claims George Bush and others in the West continue to make about communism's "defeat," and the U.S. and West's "leadership" of a new world system.

This generation of Western leaders, George Bush, François Mitterrand, Helmut Kohl, John Major, will be held to account by history for this, as were Chamberlain, Halifax, Daladier — and Hindenburg and Franz von Papen — for what they did or failed to do.

Iran's Nuclear Labs Look Too Much Like Iraq's Did

By Yossi Melman

TEL AVIV — In February a delegation from the International Atomic Energy Agency visited Iran to inspect its nuclear facilities.

of Isfahan and, according to U.S. intelligence reports, has provided it with a mini-calutron — an essential component for manufacturing nuclear weapons.

which is now part of Iran's extended nuclear infrastructure.

fused to continue a joint venture on which they had embarked in 1974 with a \$1 billion budget.

Iraqgate: Let Us Finally Clear the Air

By A. M. Rosenthal

NEW YORK — Now we have it plain and clear: the complete denial of the Bush administration to accusations that its policies helped strengthen Saddam Hussein before the Gulf War.

Eagleburger are fools, manufacturers of disinformation or liars.

of the future will need an official look into the past — how the U.S. role in the Iraq buildup worked. It has to be done by somebody trusted by the public, with a knowledge of the laundry business — how arms, drugs and connections are washed into nice crisp money.

The writer is an Israeli journalist and author of the forthcoming "The New Israelis: An Intimate View of a Changing People." He contributed this comment to The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Serbia's War Debt

BELGRADE — The Serbian Ministry, besides being occupied with its ordinary National Debt, has now been called upon to consider the ways and means of meeting the so-called "Secret Russian Loan," which dates back from the Bulgarian Campaign, when the Muscovite Government handed over to the Belgrade Cabinet munitions of war of the value of a million roubles.

1942: Work for Women?

LONDON — [From our New York edition:] Mrs. Franklin D. Roosevelt, in her first conference with the British press, said today (Oct. 24) that she believed improvement of Anglo-American relations depended upon an increased knowledge of each other's problems.

1917: 'Magnificent Men'

WITH THE FRENCH ARMIES — "What do you think of my men? Are they not magnificent? We ought to go on our knees to them." In an outburst of enthusiasm, General Maistre, commander of the victorious army of the Aisne, greeted us with these words to-day (Oct. 24) at his headquarters. Calm and security prevail in

no surprise. It was considered certain, and a few minutes later, the capture of Valenciennes was received as though they were daily events. But the enthusiasm at the way the men won the victory is unbounded.

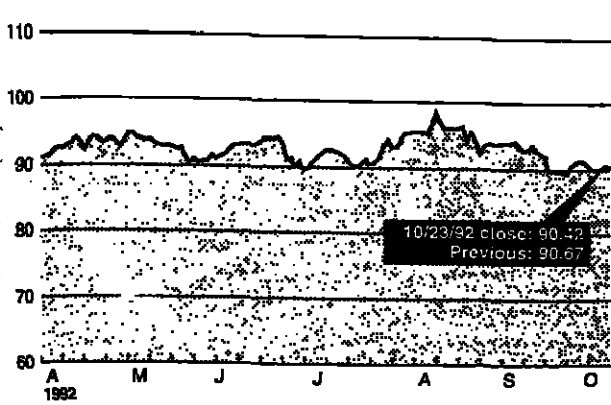
INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman

So either they or Mr. Bush and Mr.

TRIB INDEX IOMIC SCENE Now, Southeast Clear of Sky

THE TRIB INDEX: 90.42

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Table with 3 columns: Asia/Pacific, Europe, N. America. Includes sub-tables for Industrial Sectors (Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, Miscellaneous) with price, change, and % change.

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

ECONOMIC SCENE

For Now, Southeast Asia Steers Clear of Slowdown

By Michael Richardson. KUALA LUMPUR — Strong domestic demand and buoyant intra-Asian trade and investment are sustaining fast rates of economic growth in Southeast Asia despite an ominous slowdown in the United States, Japan and Europe, which are major markets and sources of capital for the region. But analysts caution that if leading industrial nations slide into prolonged recession and talks on liberalizing world trade collapse, the export-oriented economies of Southeast Asia are bound to suffer. Still, officials are optimistic that even if regional growth slows, it will remain much higher than in the West. In a recent survey for the Pacific Economic Cooperation Council, a group of leading regional economists forecast that in the three years to 1994, real economic growth in Malaysia would increase by an average of 8 percent annually, Thailand by 7.8 percent, Indonesia by 6.2 percent, Singapore 5.8 percent and the Philippines 3.4 percent. The coordinator of the 17-nation survey, Lawrence B. Krause, a professor in the graduate school of international relations and Pacific studies at the University of California, San Diego, said the picture that emerged was of a "two-tiered" Asian Pacific region. He said that recovery in the five advanced Pacific economies — the United States, Japan, Canada, Australia and New Zealand — was not as robust as in previous upturns. Peru and the Philippines also were growing sluggishly. But the other 10 developing and newly industrialized economies — all but Chile and Mexico located in Northeast and Southeast Asia — were split evenly between rapid growth of 5 percent to 6 percent a year, and even faster expansion of 7 percent to 10 percent annually. Growth in the 10 averaged 6.6 percent in 1991. Mr. Krause said that while it was natural for developing countries in the midst of industrialization to grow faster than mature economies, the surprise was that global recession seemed to have had little impact on the catch-up process. "Growth of international trade has been of critical importance in See GROWTH, Page 15

CURRENCY & INTEREST RATES

Table with multiple columns: Cross Rates (USD, DM, JPY, etc.), Eurocurrency Deposits (1-month, 3-month, 6-month), Key Money Rates (US, UK, etc.), Other Dollar Values, Forward Rates.

New BA Deal Stirs Old Complaints

Compiled by Our Staff From Dispatches. LONDON — British Airways PLC, which has sent shudders through major U.S. airlines with its plan to buy a big stake in USAir, sparked a competitive outcry at home on Friday by announcing an agreement to take over the British regional carrier Dan-Air. British Airways said it would buy Dan-Air's assets for the symbolic price of £1 and assume £55 million (\$89 million) in liabilities. It said the move, which will eliminate most of Dan-Air's staff, its planes and its name, was part of a strategy to create a new, low-cost airline dedicated to the development of a major network of short-haul services from London's second-biggest airport, Gatwick. Competing British carriers expressed concern about the impact on competition and urged the government to investigate the deal. Likewise, the biggest U.S. carriers, American, United and Delta, have raised competition-based objections to British Airways' plan to buy a 44 percent stake in USAir, the keystone of its aggressive global expansion. The U.S. airlines say BA appears to be circumventing U.S. laws on foreign control of an airline. The takeover of Dan-Air would give British Airways greater dominance at Gatwick than it already enjoys at Heathrow, where it controls 40 percent of the takeoff and landing slots, and leave only one other carrier flying between Britain and continental Europe, British Midland. "If there is no intervention, then competition will suffer, the consumer will suffer and we will not see a flourishing multi-airline industry," said Richard Branson, chairman of Virgin Atlantic Airways. Virgin had previously been in negotiations on a Dan-Air takeover, but the talks collapsed earlier this month. Mr. Branson, who already competes with U.S.-British talks on a new air access pact will resume in Washington next month. Page 12. Delta wants to sell 49 percent of Aer Lingus to an international partner. Page 13. British Airways on North Atlantic routes, said it had applied for licenses and slots to begin service to Paris, Brussels and other European destinations. "Virgin European Airways can only take off if the government now reviews competition amongst British airlines and slots at Heathrow and Gatwick," he said. Branson Airways and British Midland also raised questions about the deal's impact on competition. Britannia, Britain's largest airline for vacation travelers, said it would ask the Office of Fair Trading and the Department of Transport for a full investigation. "Allowing BA to step in and salvage what

currently delayed more than 15 minutes. Another innovation of Lufthansa Express will be bargain prices on late-night and short-haul flights. Passengers get a 55 percent discount savings on flights after 7:30 P.M., even without advance reservation, for example. Discount pricing is an idea other airlines have long used with success, but Lufthansa had been prevented from offering discounts by German laws designed to prevent price gouging. More liberal European Community guidelines now overrule the German restriction. The most controversial aspect of Lufthansa Express is something passengers are unlikely to hear much about: The starting pay for a crew on Express flights will be about 25 percent less than on traditional Lufthansa flights. That is a source of considerable savings to the company, whose employees are some of the best-paid in the industry. In 1991, personnel costs accounted for 32.4 percent of Lufthansa expenses. Union leaders agreed to the new, lower price structure at Lufthansa Express in September in exchange for a concession by the carrier not to establish the division as an entirely separate unit paying even less. Passengers, meanwhile, also should notice immediate improvements in service. Individual counters for Lufthansa Express will speed up the check-in process, and the new route structure will minimize delays, Lufthansa said. About 10 percent of domestic flights are

Lufthansa Shifts Into the Express Lane

By Brandon Mitchener. FRANKFURT — Sunday marks the beginning of a new gamble by Lufthansa, the German state-controlled airline, to dramatically improve service and equally dramatically cut costs. Under the new strategy, eight key domestic German routes are to be served by a special spin-off division, Lufthansa Express, that promises passengers a better on-time record, faster check-in and a chance at bargain prices. Next spring, Lufthansa Express is to replace current service to Germany's European neighbors as well, a spokesman said. Other international destinations will continue to be served by the original Lufthansa. The key organizational difference between the old and new Lufthansa services is that planes will no longer fly complicated, connect-the-dots routes from one destination to another. According to analysts, that system, unique to Lufthansa, often led to costly, self-perpetuating delays. Instead, Lufthansa Express planes will bounce back and forth between daily destinations in pendular, ping-pong fashion. The potential for cutting costs is substantial. The airline expects Lufthansa Express to save the unprofitable parent company 90

million Deutsche marks (\$60 million) a year, in part by centralizing maintenance work and flight-crew housing. Lufthansa currently pays for 100 hotel rooms every night in the Cologne region alone to house flight attendants whose working day did not end where it began. million Deutsche marks (\$60 million) a year, in part by centralizing maintenance work and flight-crew housing. Lufthansa currently pays for 100 hotel rooms every night in the Cologne region alone to house flight attendants whose working day did not end where it began.

Rate Prospects Spur Markets

NEW YORK — The dollar shot up 2 pence Friday and European stock and bond prices rose strongly on growing evidence that interest rates across the Continent were falling. French government bond prices closed at their highest levels in more than three years, and German bonds rose, too. Stock markets in Frankfurt, London and Paris were also boosted by optimism on the rate outlook. In Rome, the Bank of Italy cut its official discount rate a full point to 14 percent and also reduced its fixed-term advances, or Lombard rate, by 1 point to 15 percent, both effective Monday. The cut in the discount rate, which came after Italian trading hours, had been widely anticipated by foreign-exchange markets and the lira held steady against the Deutsche mark at 876 in late trading. But comments by a member of the Bavarian central bank and speculation surrounding the possible coordination of interest-rate strategy at a meeting Friday of the European Community's monetary committee in Berlin (Page 13), coupled with lower money-market rates in Germany and France and anticipation of Italy's move, all helped the financial markets. London's FT-SE 100 index closed up 11.6 points to 2,669.7. In Paris, the CAC-40 index closed 35.67 points higher at 1,766.41. And in Frankfurt, the DAX ended 16.71 points firmer at 1,526.82. But the European component of the International Herald Tribune World Stock Index, which measures European markets in dollar terms, dipped 0.04 percent to 93.13 as the dollar rose. The overall Trib index slipped 0.28 percent to 90.42. The dollar ended the day in London trading at 1.5310 DM, after 1.5095 late Thursday. In New York, it finished at 1.5280, compared with 1.5082. The trigger for the dollar surge came after a news report that Erich Fein, vice president of the Bavarian central bank, said the conditions were right for rapid cuts in official German interest rates. Mr. Fein later denied that he mentioned official rates but said the recent strength of the mark meant that money market rates were likely to fall further. "Fein's comments were certainly

Rate Prospects Spur Markets European Stocks and Bonds Rise, Along With Dollar

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Kohl Says Taxes Will Have to Be Raised in 1995

BOSS — Chancellor Helmut Kohl, who last year broke an election pledge not to raise taxes, said Friday that taxes would have to be increased again in 1995 to pay off East German debts. The debts of around 400 billion Deutsche marks (\$265 billion) inherited from communist East Germany would add 40 billion DM per year to the budget in interest and capital payments starting in 1995, he said. "In my opinion, revenue improvements will be necessary to deal with the inherited financial burden," he told Bild am Sonntag newspaper in an interview for publication Sunday. Mr. Kohl did not specify which taxes would rise but dismissed suggestions by some politicians that wealthier people would be obliged to subscribe to a compulsory bond issue. "Burdens must be distributed fairly. Nothing and no one must be excluded," he said. The government spokesman, Dieter Vogel, emphasized that no tax increases were planned for 1993 or 1994, saying the government believed that higher taxes now would seriously damage an economy that is already slowing down. a catalyst for the significant dollar move, but trading was very thin today and, as the dollar had earlier hit the bottom of the established range, it was ripe for correction," said Joe Peadar Kirby, economist at M&M's International in London. Meanwhile, a director of the Bundesbank, Otmarr Issing, said currency realignments within the European exchange-rate mechanism must remain an option in the years leading up to European monetary union. In a speech at a bankers' symposium in Edinburgh, Mr. Issing said "the timely and discreet adjustment of exchange rates, an essential part of the ERM regime, has been forgotten or suppressed." The German discount rate is 8.25%. See RATES, Page 12

Major Faces a New Revolt by Tories on Maastricht

LONDON — Prime Minister John Major's government, which narrowly escaped a Conservative Party mutiny over Britain's coal crisis, appeared to be heading for another clash with the party Friday over the Maastricht treaty on European union. The government also may be headed toward problems with labor unions over plans to shut five big London hospitals. Health unions warned that the closures would cost 20,000 jobs. The latest clashes, on the heels of humiliating concessions Mr. Major was forced to make this week over a mine closure plan, appeared to pose a genuine threat to the prime minister's political survival. Resumed debate on ratification of the treaty, originally set for next week, was forced back by the furor over the coal crisis. The Conservative leader of the House of Commons, Anthony Newton, announced Thursday that a preliminary debate on Maastricht would be held Nov. 4, with a detailed review later in the month. Conservative members of Parliament outside of the leadership, who are known as backbenchers, over-

Chicago Acts To Limit Damage

CHICAGO — The Chicago Board of Trade suspended a brokerage headed by a high-ranking exchange official Friday and disciplined two traders whose questionable billion-dollar trades had jolted the Treasury bond market. The incident had no lasting impact on bond prices, and the exchange said it had demonstrated "the resiliency of the unsurpassed system that guarantees financial integrity." But it caused some traders to lose money and embarrassed the world's largest futures exchange, which had been working its way out from beneath the cloud of past scandals. The actions stemmed from a series of unusually large trades of Treasury bond futures and options initiated Thursday by a floor broker whose trades were guaranteed by Lee B. Stern & Co., a member for 20 years of the exchange's elite group of 120 clearing member firms. Stern & Co. was not accused of wrongdoing, but it was prohibited from doing customer business, and its owners' exchange memberships were suspended because it was unable to pay about \$9 million in margin calls assessed against the floor broker, identified by Stern & Co. as Darrell Zimmerman. A margin call is a demand by the exchange for additional deposit money when the market moves against a trader's position. The owners of Stern & Co. are Lee Stern, a former Board of Trade director who chairs the exchange's floor governors committee; his son Daniel, and Lester Mouschler, who was an exchange vice chairman until about two weeks ago, when he resigned because of illness. Their exchange memberships may be sold to pay any debt that arises from the trades, an exchange spokesman said. A full membership last sold for \$355,000 on Oct. 3. "Stern is reassessing their position," Lee Stern said Friday morning before the exchange board of directors acted. "When this entire matter plays out, I feel confident that Stern will be back in business." He was not available for comment after the board acted, a receptionist in his office said.

For U.K., a French Lesson on Closing Coal Mines

PARIS — The British government might learn a lesson about coal from France, which has extracted itself from the business over the past decade with hardly a whimper. Through close to 35,000 mining jobs have been eliminated in France since 1984, outright firings have been rare. The state-owned coal company, Charbonnages de France, has turned instead to a multifaceted program designed to ease the pain for the miners and the country's three big coal-mining regions. The program, which has cost French taxpayers a whopping 10 billion francs (\$2 billion) over the last six years, provides for early retirement, retraining, transfer of employees to other state enterprises, repatriation of foreign workers and aggressive efforts to aid business creation in the affected areas. "You might say our approach was akin to euthanasia," said Michel Guffond, president of Finorpa, a CDF subsidiary charged with industrial redevelopment of its northern coal basin, which closed in 1990. "Instead of radical surgery, as in Britain, we wanted to soften the massacre." French coal, like British coal, costs far more to produce than it brings on the market. In fact, despite big gains in productivity in recent years, French coal still costs nearly 50 percent more to mine than the imported coal arriving at its ports, transportation costs included. Recognizing that it was facing a losing battle, the government, since 1967, has sought to gradually reduce production — which had peaked at around 60 million tons after the war, providing jobs for 200,000 miners — mostly through attrition. Though it briefly flirted with maintaining, even increasing, production after the election of President Francois Mitterrand in 1981, the government had to face the reality of falling world coal prices. So it switched course in 1983 and directed Charbonnages de France to find an acceptable way out of the business. The company devised a strategy

The state concern devised a strategy to provide soft landings for the 52,000 still employed in 1984.

to phase out production and provide soft landings for the 52,000 people it still employed at the end of 1984. The most efficient mines, situated in the northern coal basin, would be closed first, followed by the Centre-Midi basins in the south and finally the Lorraine basin to the east. After closing the northern field two years ago, CDF will probably shut down the southern mines over the next few years, while Lorraine's pits should be definitively closed by 2005. Employment this year is to drop by between 13 and 15 percent from the 19,600 on the payroll at the end of 1991, a spokeswoman said. Observers say the social policy for coal miners is more generous than programs devised for the textile or steel industries during their painful restructuring of the last decade. The policy, they say, was anchored in the government's fear that a more aggressive mine-closing plan would spark violent revolt from the miners and electoral victory from the affected regions, inhabited by more than 8 million people. Further, there were humanitarian concerns for the miners, who, it was feared, would have a much

Prices Edge Higher On Economic Hope

Bloomberg Business News NEW YORK — U.S. stocks closed marginally higher Friday as the economic picture brightened somewhat.

The Dow Jones industrial average rose 6.76 to 3,207.64, after saving as much as 10 points in either direction throughout the session.

Standard & Poor's 500 fell 0.80 to 414.10, while the Nasdaq Composite index inched up 0.21 to 597.33.

Advancers outpaced decliners by a margin of nearly 8 to 6 among common stocks on the New York Stock Exchange.

Trading, though brisk, was the lightest this week, with about 199 million shares changing hands on the Big Board.

For the week, the Dow industrials added 32.25 points, or 1.0 percent, to 3,207.64. "I think the market's in a holding pattern," said John Blair, head of equity trading at County NatWest Securities.

"People are waiting for the outcome of the election and for what Clinton's going to do." The economy, specifically Governor Bill Clinton's plans to speed recovery, has dominated investor attention for weeks.

The latest 10-day car sales, for mid-October, were better than analysts had expected. General Motors Corp. reported a 9.6 percent increase in sales, while Ford Motor Co. said sales had surged 27 percent.

Chrysler's sales were estimated by Ward's Automotive Reports to have fallen 8 percent.

The news followed Thursday's reports that the number of Americans filing initial unemployment claims dropped for the third straight week and that the nation's M2 money supply increased \$9.5 billion in the week ended Oct. 12.

The Dow Jones transportation average, which has risen almost 10 percent in the past two weeks, soared 19.74 to 1333.17, led by railroads and trucking companies.

In contrast, traditional "growth" stocks like tobacco, health care, drugs and telephone stocks led the retreat in the S&P 500.

Sun Microsystems leaped 3 1/2 to 32 as investors looked beyond an 82 percent plunge in first-quarter earnings to a rosier second quarter.

Smith Barney Harris Upham raised its rating of Sun to "hold" from "underperform."

GM, up 1/2 to 33 1/2, continued to climb as expectations of the resignation of its chairman, Robert Stempel, intensified.

Salomon Brothers raised GM and Ford to "buy," and Prudential Securities boosted GM to "buy" but lowered Chrysler to "hold" from "buy."



Daily changes of the Dow Jones Industrial Average 1980-1992

NYSE Most Active

Table listing NYSE Most Active stocks with columns for Volume, High, Low, and Change.

AMEX Most Active

Table listing AMEX Most Active stocks with columns for Volume, High, Low, and Change.

NYSE Diary

Table showing NYSE Diary with columns for Volume, High, Low, and Change.

AMEX Diary

Table showing AMEX Diary with columns for Volume, High, Low, and Change.

NASDAQ Diary

Table showing NASDAQ Diary with columns for Volume, High, Low, and Change.

Dow Jones Averages table with columns for Open, High, Low, and Close.

Standard & Poor's Index table with columns for High, Low, and Change.

NYSE Indexes table with columns for High, Low, and Change.

NASDAQ Indexes table with columns for High, Low, and Change.

AMEX Stock Index table with columns for High, Low, and Change.

Dow Jones Bond Averages table with columns for Class, Price, and Change.

Market Sales table with columns for NYSE 4 a.m. volume, NYSE 9 a.m. volume, etc.

N.Y.S.E. Odd-Lot Trading table with columns for Buy, Sell, and Short.

S&P 100 Index Options table with columns for Date, Call, Put, and Price.

EUROPEAN FUTURES table with columns for Class, High, Low, and Close.

Food table with columns for High, Low, and Change.

Metals table with columns for High, Low, and Change.

Financial table with columns for High, Low, and Change.

Industrials table with columns for High, Low, and Change.

Grains table with columns for High, Low, and Change.

Oil table with columns for High, Low, and Change.

Stock Indexes table with columns for High, Low, and Change.

Spot Commodities table with columns for Commodity, Today, and Change.

Dividends table with columns for Company, Stock Split, and Dividend.

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RATES: Dollar, Europe Stocks Up

(Continued from first finance page) percent, and the Lombard rate stands at 9.5 percent.

The Italian discount rate cut came after the government won a vote of confidence Friday on a decree to freeze salaries in the public sector and impose a series of new taxes.

Together with a bill reforming key spending areas ratified by the upper house on Thursday, the move will secure 71 percent of the 93 trillion lire (\$70 billion) in savings the government had aimed to make on the budget.

The discount rate was last moved on Sept. 4 when it was lifted to 15 percent from 13.25 percent as part of an unsuccessful attempt to defend the lira in the European exchange-rate mechanism.

In New York, the dollar also finished at 121.65 yen, compared with 120.75 at 1.3634 Swiss francs, after 1.3465, and at 5.1800 French francs, after 5.1175.

The British pound dipped to \$1.6225 from \$1.6250.

In London, the U.S. currency ended at 121.80 yen, after 120.95 at 1.3660 Swiss francs, after 1.3520, and at 5.3025 French francs, after 5.1106.

The pound closed at \$1.6105, after \$1.6245, and at 2.4718 DM, compared with 2.4318.

(Bloomberg AP, AFP, Reuters)

U.S.-British Air Talks Break Up

LONDON — Talks between U.S. and British government officials toward an "open skies" agreement have broken up and will resume in Washington next month, possibly on Nov. 9, the Department of Transport said on Friday.

The two sides on Thursday tried to salvage the stalled talks, which had started on Tuesday but could not make further progress.

The air service agreement talks aimed at freeing up the restrictive Bermuda II agreement dating from the early 1970s that regulates British-American air services.

But the proposed \$750 million capital injection by British Airways in USAir in exchange for a 44 percent stake played an important role on the background.

U.S. FUTURES

Table of U.S. Futures with columns for Season, High, Low, and Close.

Table of Grains with columns for High, Low, and Change.

Table of Metals with columns for High, Low, and Change.

Table of Lumber with columns for High, Low, and Change.

Table of Livestock with columns for High, Low, and Change.

Table of Financial with columns for High, Low, and Change.

Table of Food with columns for High, Low, and Change.

Table of Coffee with columns for High, Low, and Change.

GM Reorganizes Passenger Car Unit

DETROIT (Combined Dispatches) — General Motors Corp. said Friday that it had reorganized its passenger car division in a bid to cut costs, improve efficiency and quality, and strengthen its product.

GM will reduce to four from six the number of its passenger car "platform" organizations. It said the Cadillac motor car division and the Flint automotive division are being merged into the Cadillac/Luxury engineering and manufacturing division.

The midsize and rear-drive automotive divisions, GM said, will be merged into a new midsize car division. The announcement came in the midst of reports that GM's chairman, Robert C. Stempel, will be asked by the board to resign. Earlier Friday, GM officials said the Mr. Stempel, 59, "remains as chairman at this time" and that he is continuing his schedule "on an hour-by-hour basis."

(AFP, Bloomberg)

Stone Container Expands in Europe

CHICAGO (Reuters) — Stone Container Corp. said Friday that its German subsidiary, Europa Carton, signed a letter of intent to merge its folding carton operation with Financier Carton Papier of France.

The new company will be owned equally by Europa Carton and shareholders of Financier Carton Papier, Stone said. The combined company would operate eight manufacturing facilities with annual sales of about \$425 million.

It will be one of the largest folding-carton operations in Europe. Stone's Europa Carton has operations in Germany and the Netherlands but none in France, a spokesman said.

Goodyear's Profit Rockets by 75%

AKRON, Ohio (Bloomberg) — Goodyear Tire & Rubber Co. said Friday that third-quarter net income jumped 75 percent to \$103.3 million as strong sales of its "Aquadred" and other new tire lines helped gain U.S. market share.

Goodyear, the last U.S.-owned automobile tire manufacturer, said net income rose to the equivalent of \$1.44 a share from \$1.01 a share in the third quarter of 1991. Sales increased to \$3 billion from \$2.8 billion.

Crude Prices Help Exxon, Mobil

NEW YORK (Reuters) — Exxon Corp., the largest U.S. oil company, on Friday reported slightly higher earnings for the third quarter, while the No. 2 company, Mobil Corp., had a solid gain. Higher crude prices helped both.

Exxon said its profit totalled \$1.14 billion, up from \$1.12 billion a year earlier. Revenue rose to \$30.64 billion from \$27.52 billion. Exxon cited higher earnings from its U.S. exploration and production operations in explaining the slight gain. But it said margins on its refined-petroleum products were weaker than a year ago and that foreign earnings had declined.

Mobil reported a 13 percent increase in profit, to \$413 million, citing higher oil and natural gas prices and reduced costs because of restructuring.

Skandia America Turns Down Bid

NEW YORK (AP) — The troubled reinsurer Skandia America Corp. said Friday it had rejected a \$500 million takeover bid from a New York investor group.

Source: said the company's parent, Skandia Group Insurance Co. of Sweden, believed the offer was too low. John Head & Partners had sent a letter to Skandia in Stockholm outlining a proposal that offered \$400 million in cash and \$100 million in preferred stock for the company.

For the Record

CIGNA Corp. said in Philadelphia it would take a third quarter net charge of \$105 million, or \$1.46 per share, for charges associated with its property and casualty segment.

Robert K. Gray, 71, has resigned as chairman of Hill and Knowlton, one of the world's largest public relations firms.

The New York Times Co. posted a third-quarter loss of \$33.9 million. The Times wrote off costs of a printing facility and closing a Georgia newspaper.

WORLD STOCK MARKETS

Table of Amsterdam stock market with columns for Close, Prev., and Change.

Table of Helsinki stock market with columns for Close, Prev., and Change.

Table of Hong Kong stock market with columns for Close, Prev., and Change.

Table of Johannesburg stock market with columns for Close, Prev., and Change.

Table of Madrid stock market with columns for Close, Prev., and Change.

Table of Milan stock market with columns for Close, Prev., and Change.

Table of London stock market with columns for Close, Prev., and Change.

Table of Paris stock market with columns for Close, Prev., and Change.

Table of Tokyo stock market with columns for Close, Prev., and Change.

Table of Sao Paulo stock market with columns for Close, Prev., and Change.

Table of Singapore stock market with columns for Close, Prev., and Change.

Table of Zurich stock market with columns for Close, Prev., and Change.

Table of Stockholm stock market with columns for Close, Prev., and Change.

Table of Toronto stock market with columns for Close, Prev., and Change.

Table of BRITISH POUND (GBP) with columns for High, Low, and Change.

Table of CANADIAN DOLLAR (CAD) with columns for High, Low, and Change.

Table of GERMAN MARK (DM) with columns for High, Low, and Change.

Table of JAPANESE YEN (YEN) with columns for High, Low, and Change.

Table of SWISS FRANC (CHF) with columns for High, Low, and Change.

Table of GOTTON (NYSE) with columns for High, Low, and Change.

Table of INDUSTRIALS with columns for High, Low, and Change.

Table of STOCK INDEXES with columns for High, Low, and Change.

Table of COMMODITY INDEXES with columns for High, Low, and Change.

Table of MARKET GUIDE with columns for High, Low, and Change.

Large advertisement for Ferrari and Shell, featuring the text 'Ferrari' and 'Shell' and a large 'FR INFORMATION FROM INTERNET INVESTOR' graphic.

EUROPE

Lamborghini And Ferrari Set Cutbacks

MILAN — Ferrari and Lamborghini, makers of luxury sports cars, on Friday announced production cuts or layoffs because of the crisis in world auto markets.

At EC, Gnomes in Shadows Who Sets Monetary Policy? Try to Find Out

BRUSSELS — Since its founding in 1958, the EC Commission's monetary committee has taken on the trappings of a clandestine organization.

Swiss Act to Maintain Confidence in Banks

ZURICH — Credit Suisse said Friday that it had stepped in to save a medium-size regional bank from collapse and Switzerland's banking industry, under pressure from the economic downturn, from a damaging loss of confidence.

Investor's Europe. Frankfurt DAX, London FTSE 100 Index, Paris CAC 40. Includes line graphs and a table of stock indices with Friday Close, Prev. Close, and % Change.

Deutsche Shell to Expand in Eastern Germany

LEIPZIG — Deutsche Shell AG, the German unit of Royal Dutch/Shell, announced Friday it intended to invest from 700 million Deutsche marks to 750 million DM (\$460 million to \$500 million) in Eastern Germany over the next five years.

Bundesbank Closes an Office

FRANKFURT — The Bundesbank said Friday that it was closing the Berlin office from which it administered the integration of Eastern Germany into the German monetary system.

Ireland Seeks to Sell 49% Aer Lingus Stake

DUBLIN — Prime Minister Albert Reynolds says the government is ready to sell off 49 percent of the unprofitable state airline, Aer Lingus.

Very briefly:

- Russia's first currency futures market opened with trading in December rubles at 440 to the dollar and finishing at 461. The ruble remained stable on the Moscow Interbank Currency Exchange at 368.

COMPANY RESULTS

Table of company results for various firms including Ashland Oil, Goodyear, Bank of Boston, Bankers Trust N.Y., Domestique (R.R.), Exxon, and others. Columns show 3rd Quarter, 1991, 1992, and 1993 data for Revenue, Net Inc., and Per Share.

French Trade Swings Back to Surplus

PARIS — The government reported Friday that the trade balance swung back to a surplus in September after a deficit in August.

Swedes Agree to a Tax Rise And Spending Reduction

STOCKHOLM — The Swedish center-right coalition government and the Social Democratic opposition have formally agreed on a final economic emergency package.

FREE INFORMATION FROM INTERNATIONAL INVESTOR XXVI Herald Tribune. The latest information from the distinguished companies listed in this section are available to you at no charge.

CarnaudMetalbox (CMB Packaging). With 1991 turnover of FRF 25.5 billion, CMB Packaging employs more than 31,000 at 150 factories in 30 countries.

EMC GROUPE EMC. EMC ranks among the worldwide farming community's leading industrial suppliers and is a major operator in the global market for potash derivatives.

ESPIRITO SANTO FINANCIAL HOLDING. ESFH is a holding company whose subsidiaries and affiliates undertake international banking and financial activities in Western Europe, USA and Brazil.

ING GROUP. The results of Internationale Nederlanden Group for the first half year of 1992 showed a satisfactory increase. Compared with the first half year of 1991 net profit rose by 7.2%.

THOMSON-CSF. Thomson-CSF, a European company with substantial international operations, is one of the world leaders in the design, production and distribution of advanced electronic systems.

ZURICH INSURANCE GROUP. Zurich Insurance Group operates in 40 countries through branch offices, subsidiaries and affiliated companies.

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ASIA / PACIFIC

Brokers' Earnings Evaporate Squeeze on Japan's Big 4 Tightened in Period

Agence France-Presse
TOKYO — Nomura Securities Co. and two other top Japanese brokerages on Friday announced plunges in first-half earnings of more than 90 percent, blaming the prolonged stock market slump that has eroded commission revenue.

performance of the bond market had a limited impact on company results.
"The increase in straight bond issuances by Japanese companies in both domestic and overseas markets could not make up for the reduction in equity-related financing," Nomura said.

Spending Declining at Japan Inc.

Bloomberg Business News
TOKYO — Japan's Economic Planning Agency said Friday that corporate capital spending for the business year through March 1993 was expected to decline for the first time since 1981.

ASEAN Trade Bloc Hastens Tariff Cuts

Agence France-Presse
MANILA — ASEAN economic ministers gave the go-ahead Friday to an accelerated tariff reduction plan that would form the basis of a free-trade area to be established in the region within 15 years.

Investor's Asia

Table with columns for Hong Kong (Hang Seng), Singapore (Straits Times), and Tokyo (Nikkei 225). Includes line graphs for each index and a table of exchange rates.

Very briefly:

- Hong Kong unveiled proposals for a compulsory retirement system, but ruled out a government-managed or centrally administered fund; the plan calls for a system with equal contributions from employers and workers.
Taiwan plans to set up its first liaison office in Ulan Bator, Mongolia, next spring to expand trade and cultural exchanges.

GROWTH: For Now, Southeast Asia Steers Clear of Economic Slowdown

(Continued from first finance page)
supporting economic advance, but for now it is the developing countries that are trading with each other that is the major story," he said.

Mr. Chua added that rapid growth in China, Taiwan and Hong Kong also had had positive spillover effects in Southeast Asia.
Much of the foreign investment in the region since the mid-1980s has come from other Asian countries, particularly Japan, Taiwan, Hong Kong and South Korea as manufacturing companies there sought to use Southeast Asia as an outlet for sales, a source for cheaper components and a springboard for competitive exporting.

between Asia and the European Community.
But Sanjoy Chowdhury, chief economist for the Asia-Pacific region in the Singapore office of Merrill Lynch & Co., said that it could be premature to conclude from these figures that Asia had "reached a point where it can sustain its rapid rates of economic growth based on its own engines of trade and investment."

Mr. Chowdhury said that after the slowdown in world trade in 1992, it was very likely that intra-Asian trade growth also would decelerate significantly. A drop in intra-Asian investment flows over the past 12 months could also contribute to a slowdown in regional trade, he said.

Taipei's New Finance Chief Leaves Market Door Open

Bloomberg Business News
TAIPEI — The newly appointed finance minister on Friday reaffirmed the government's policy of opening Taiwan's stock market to international investors and promoting the country as a regional financial center.
But P. Y. Pai also said the Finance Ministry, which has been the government organization most closely associated with moves to internationalize Taiwan's financial markets in recent years, would have to keep in step with the central bank, the institution seen as most reluctant to see this development.

Taiwan Carrier, AA in Talks

Reuters
TAIPEI — China Airlines is negotiating with American Airlines to expand their marketing cooperation, the Taiwan flag carrier said Friday.
The airlines already are working together in marketing and ticketing in the northeastern United States.

NYSE Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

NYSE stock market data table with columns for High, Low, Open, Close, Change, and Volume.

AMEX stock market data table with columns for High, Low, Open, Close, Change, and Volume.

AMEX High-Lows table with columns for Company, High, Low, and Change.

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- The U.S. Election
World Monetary Crisis
Slaughter in Sarajevo
Mideast Peace Talks
Maastricht Ratification
Reform in China

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NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the NYSE includes the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

High	Low	Open	Close	Vol	PE	Div	Yield %	1992 Div	1993 Div
100	95	98	97	100	15	0.50	5.00	0.50	0.50
105	100	102	101	105	18	0.50	5.00	0.50	0.50
110	105	108	107	110	20	0.50	5.00	0.50	0.50
115	110	112	111	115	22	0.50	5.00	0.50	0.50
120	115	118	117	120	25	0.50	5.00	0.50	0.50

High	Low	Open	Close	Vol	PE	Div	Yield %	1992 Div	1993 Div
125	120	122	121	125	28	0.50	5.00	0.50	0.50
130	125	128	127	130	30	0.50	5.00	0.50	0.50
135	130	132	131	135	32	0.50	5.00	0.50	0.50
140	135	138	137	140	35	0.50	5.00	0.50	0.50
145	140	142	141	145	38	0.50	5.00	0.50	0.50

High	Low	Open	Close	Vol	PE	Div	Yield %	1992 Div	1993 Div
150	145	148	147	150	40	0.50	5.00	0.50	0.50
155	150	152	151	155	42	0.50	5.00	0.50	0.50
160	155	158	157	160	45	0.50	5.00	0.50	0.50
165	160	162	161	165	48	0.50	5.00	0.50	0.50
170	165	168	167	170	50	0.50	5.00	0.50	0.50

High	Low	Open	Close	Vol	PE	Div	Yield %	1992 Div	1993 Div
175	170	172	171	175	52	0.50	5.00	0.50	0.50
180	175	178	177	180	55	0.50	5.00	0.50	0.50
185	180	182	181	185	58	0.50	5.00	0.50	0.50
190	185	188	187	190	60	0.50	5.00	0.50	0.50
195	190	192	191	195	62	0.50	5.00	0.50	0.50

The main unit is Sofrem, which has spent more than 1 billion francs since its founding in 1967 to assist industrial expansions or start-ups in the affected regions. It offers promising companies low-interest loans, often unsecured, plus start-up capital.

Since 1984, Sofrem has participated in the creation or maintenance of 29,000 jobs, bringing the total since its efforts began to 59,000, according to the company's financial director, Eric Berger.

Mr. Guffond of Finorpa, which is controlled by Sofrem but also

has other private shareholders, says his organization spends around 200 million francs a year — 85 million from the state and 115 million from loan repayments and liquidated capital holdings — to help new industrial operations in the northern region. He says it has "participated in the creation" of 30,000 jobs since 1984.

However, Hocken Berger, an official with the labor union Confédération Générale du Travail in Lorraine, disputed the cost company's claims, suggesting that actual job creations might be half what the company says and that with the

current economic slowdown, plant start-ups are all. Further, he criticized the strategy because very few former miners, if any, are usually hired up by these companies.

"It doesn't help the people whose mines are being liquidated," he said.

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COAL: French Show the Way in Easing the Closure of Their Coal Mines

(Continued from first finance page)

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AMEX

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165	160	162	161	165	48	0.50	5.00	0.50	0.50
170	165	168	167	170	50	0.50	5.00	0.50	0.50

High	Low	Open	Close	Vol	PE	Div	Yield %	1992 Div	1993 Div
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190	185	188	187	190	60	0.50	5.00	0.50	0.50
195	190	192	191	195	62	0.50	5.00	0.50	0.50

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205	200	202	201	205	68	0.50	5.00	0.50	0.50
210	205	208	207	210	70	0.50	5.00	0.50	0.50
215	210	212	211	215	72	0.50	5.00	0.50	0.50
220	215	218	217	220	75	0.50	5.00	0.50	0.50

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Bank Banks Join Hands
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Royal Trust
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Tuesday-Sunday, October 24-25, 1992 Page 17

THE REPORT

FIRST COLUMN A Major Lesson From Miners

BRITAIN'S miners may be a vanishing breed, but at least they haven't lost their ability to initiate decisive change. If their futile strike in the mid-1980s defined the collapse of union power in the country, their recent uproar over the government's plan to close most of the pits could define a renewal of power in an unusual place.

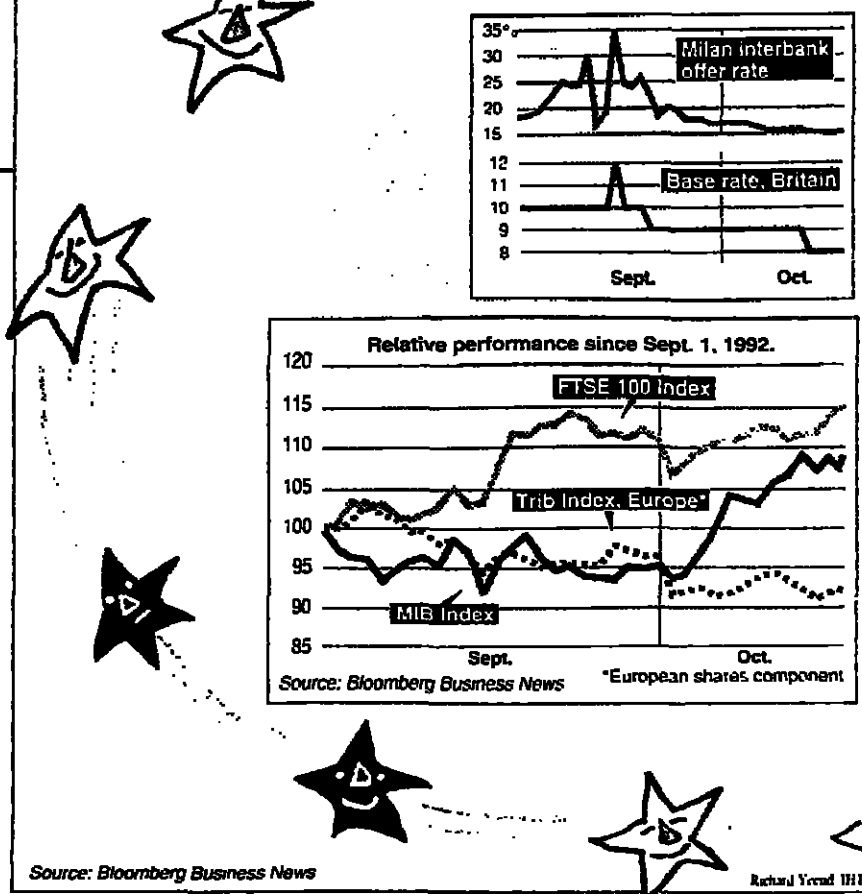
Britain Basks in Rate Freedom

By Rupert Bruce

LACK Wednesday may have seriously postponed plans for economic union in the European Community and rendered the two defectors from the exchange-rate mechanism, Britain and Italy, second-class citizens in a two-tier Europe. But for one of them, at least, the currency crisis could have been a stroke of luck.

Certainly a survey of Britain's leading fund management groups, carried out by Smith New Court on Oct. 5 and 6, suggested that they shared the firm's optimism. Some 85 percent of managers surveyed said they expected an increase in the FT-SE over the next 12 months. The next most favored market was Japan, where only 48 percent were optimistic about the outlook.

Black Wednesday Turns Rosy For Stocks



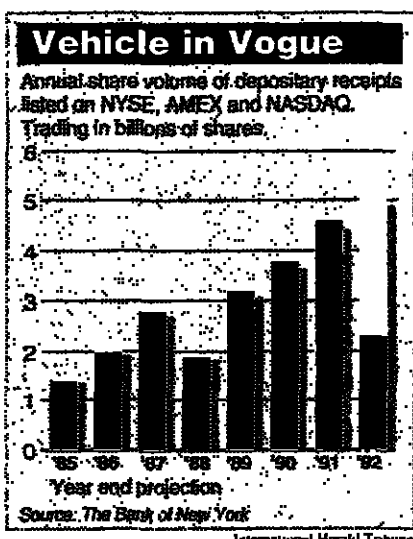
growth, it can't risk letting the pound go into a new dive, analysts say. Most analysts believe a cut in base rates to 7 percent is virtually assured. But Mr. Davidson says the government would be unlikely to cut rates further if the pound drops below 2.30 DM. At around 2.47 DM currently, the pound is 16 percent below its old ERM parity.

Currency Crisis or Not, the ADR Boom Keeps Going on Wall Street

By Judith Rehak

ONE of the more eagerly awaited events on Wall Street is the impending launch of dollar-denominated shares in Telebrás, the Brazilian phone company. Expectations are high that like its counterparts, Telcel of Mexico and Telefonos de Chile, Telebrás will yield rich rewards for investors.

quotes are available through brokers via the National Quotations Bureau, or "pink sheets," as they are familiarly called. With the surge of interest in non-U.S. equities, SEAI International, the London-based quotation system, has managed as another ADR marketplace, roughly 500 million shares worth \$15 billion were traded there in the first half of this year.



rope can ward off currency disasters, he suggests, is to buy companies that will profit from a stronger dollar because they earn a lot of their income from U.S. operations. Examples include Grand Metropolitan PLC, the British food and beverage giant that owns Burger King and Pillsbury, and Tomkins PLC, the British conglomerate that owns handbag maker Smith & Wesson and Murray Ohio, a manufacturer of bikes and

lawnmowers. Seventy percent of Tomkins' business is in the United States. Not everyone thinks currency should be the prime consideration, however. "We focus on top-down fundamentals first, then take a bottom-up look for companies," says Scott Kalb of Smith Barney. "Right now we're expecting significant declines in interest rates in some countries." Among them is Mexico, where Mr. Kalb thinks that rates, now at 19 percent, could fall to 16 percent by the second quarter of 1993, boosting interest-sensitive stocks like construction, retailing and telecommunications companies. He favors Telefonos de Mexico and Cemex, the country's biggest and world's fourth-largest cement company.

BRIEF CASE

European Banks Join Hands On Cross-Border Mortgages

A consortium of eight European lenders have set plans to provide cross-border mortgage services to their clients. The European Group of Financial Institutions will allow customers of each of the lenders to arrange loans, as well as give advice and help with the legal niceties for acquiring properties outside their home state, according to a report by the international law firm Clifford Chance.

Don't Blame IBM Alone, Many Stocks Are Off Peaks

By now, everyone knows the story of just what a great buying opportunity the 1987 stock market crash was. The Dow Jones industrial average took just two years to exceed its pre-crash highs. And even with the gyrations that have left the index virtually unchanged this year, it is still up some 17 percent from its pre-crash peak, and a whopping 83 percent from its post-crash low. Broader indices like the Standard & Poor's 500 show even bigger gains. How could you lose in U.S. stocks over the past five years?

The nation's mutual funds proved it again during the five years since the stock market crashed in October 1987.

While stock funds were soaring one day and plummeting the next, bond funds were plugging along, clipping their coupons and banking their interest payments. And when interest rates began their long decline, the market gave a big boost to the value of all those older bonds with the high interest rates that were sitting in bond funds. The combination was unbeatable and bond funds were first to cross the finish line. "The tortoise won," said Michael Lipper, head of Lipper Analytical Services Inc., which tracks the performance of 2,433 funds. "But we think, in the next race, you bet on the hare."

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Private Banking - A Special Report

Commercial Bankers See a Silver Lining Preserving Wealth in a Recession

By Philip Crawford

IF ever there was a time for private banking, the 1980s would have seemed to be it. The money decade produced an explosion of wealth, and a boom in demand for better financial handling from the newly rich.

In Britain and the United States, some of the big commercial banks that dominate the retail market tried to get in on the act. By setting up private banking divisions that stood well apart from their mass-market products, the banks sold the cachet of a more exclusive service combined with customized asset management to the decade's ultimate consumer: the high net worth individual.

But can a strategy born of boom times survive in the lean and mean '90s? The answer from commercial bankers is a resounding yes. For one thing, despite the deepening global recession, there remains plenty of conspicuous wealth that needs to be looked after. But perhaps more importantly, bankers contend, the very economic and political instability that has gone part and parcel with the recession has contributed to an ever-increasing demand for comprehensive, one-stop asset management services aimed at preserving wealth during volatile times.

"Private banking is a fast growing segment of the industry and one which we felt needed more focusing on," said Matthew Kirkbride, a senior manager at Lloyds Private Banking, which was launched as a separate unit of Lloyds Bank PLC in 1989. "We may be only looking at perhaps 3 percent of the population as potential clients, but there is a lot of concentrated wealth there and a great need for services."

"Like most relative newcomers to the private banking sector, Lloyds offers a full gamut of traditional products including estate planning, setting up trusts and foundations, and tax advising. But the core of its private banking business, as with most of the other commercial banks, is asset management, and indeed that of an upmarket nature. Lloyds Private Banking begins considering clients at an overall deposit base of about £100,000, or some \$160,000, and some services are offered only to customers with means of £500,000 or more. Mr. Kirkbride estimated that the division has between £6 billion and £10 billion under management.

"What we do is primarily investment-driven," he said, "and we have a conservative approach, which is a reflection of the type of client we chiefly serve. We've also tried to segment the private banking market itself. I mean, there are rich people, and then there are really rich people, and the two segments have different needs."

Barclays PLC, which like Lloyds has a retail banking tradition dating back to the

17th century, also has been placing more emphasis on private banking during the past few years, particularly for international clients. In early 1993, Barclays plans to expand the availability of many private banking services to British residents as well. The bank's minimum investment level for private clients is about £500,000.

"We concentrate on investment management, utilizing a combination of stock and share securities as well as money market instruments," said Heather Maizels, a director of Barclays Private Banking. "We also do fiduciary deposits and some lending, but we're not lending-led. Above all, like most private banks, we try to have products which we can easily tailor to meet individual clients' needs."

Ms. Maizels said Barclays decision to beef up its private banking activities has been in direct response to customer demand.

"People are looking for security, for protection of their assets," she said. "Instability tends to be very good for the private banking business, and our recent growth is to some extent related to that."

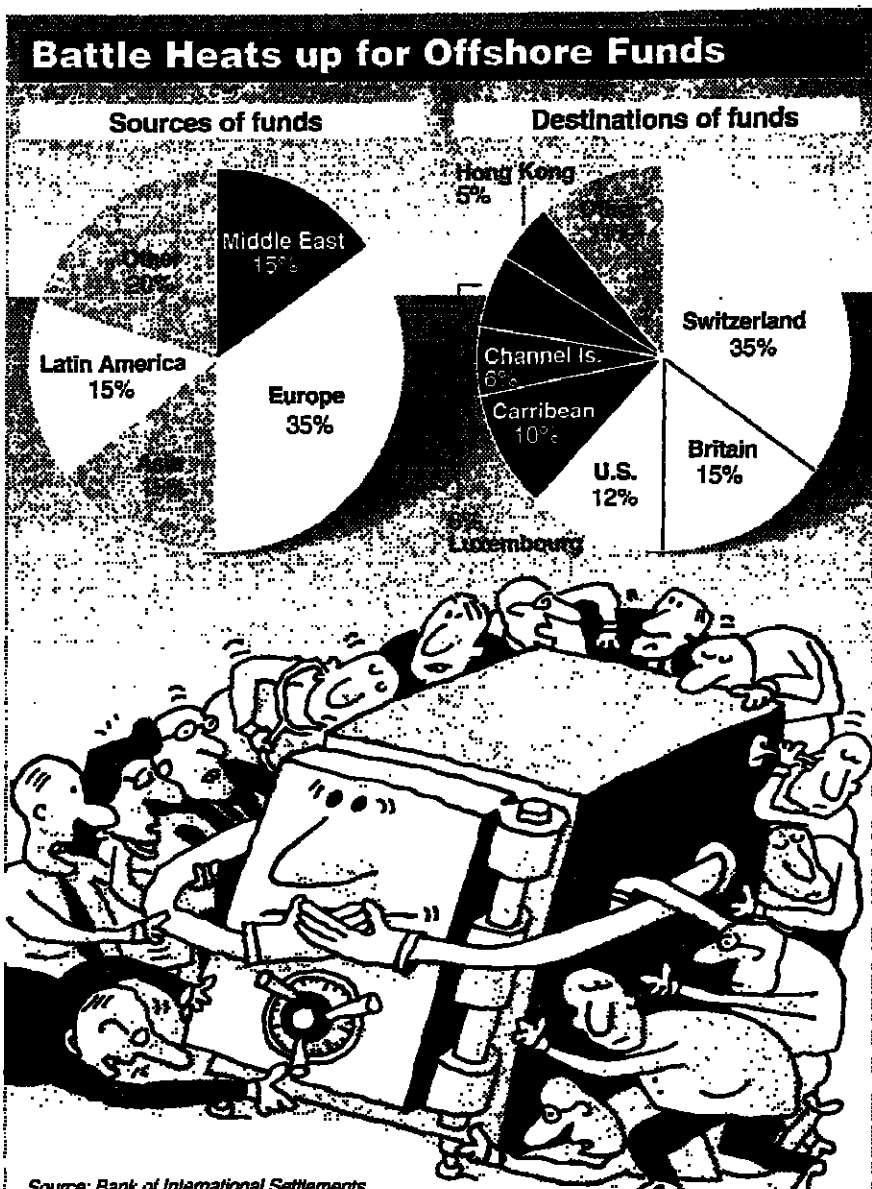
MIDLAND Bank PLC, another U.K. clearing institution, has recently put new emphasis on private banking through its wholly owned merchant banking subsidiary, Samuel Montagu & Co. Working primarily with individuals and the companies they control, Montagu deals extensively with large-scale loans, and clients typically have at least £750,000 to work with. The average client asset level is closer to £3 million or £4 million, says the company, which adds that its asset management strategy emphasizes money-market instruments rather than equities.

"Most of our clients have taken a good deal of risk in getting to where they are in the business world," said Marcus Gregson, Montagu's chief executive, "and they don't want a lot of risk involved in managing what they've made, hence the emphasis on capital rather than equity markets."

Mr. Gregson also stressed the inherent differences between private banking and retail banking.

"At this level, the relationship with the client is of a much more personal nature, and that relationship is the essence of what private banking is all about," he said. "In a sense, business can grow only as fast as that relationship can grow. One also hears reporting that private banking is an easy way to make money off the soft underbelly of wealth, but I'm not so sure that's the case. Most clients are themselves astute businessmen, and the level of service one has to provide to satisfy them is considerable. This is not a casual sport."

One of the world's largest retail banks.



Source: Bank of International Settlements

New York-based Citibank, also has been courting the high net worth individual with increasing aggressiveness. Formed as a separate division in 1985, Citibank Private Bank has witnessed particularly strong growth over the past few years, the bank says, a phenomenon it attributes to simply identifying a burgeoning market and going after it.

"We have increasingly seen private banking as a special segment of the marketplace for us, and one which also has special needs," said Natel Matschulat, the private bank's director of strategic marketing. "We work on both sides of the client's balance sheet, both lending and investing, and our product line runs the full range from checking accounts to mergers and acquisitions. We start working with clients at an asset level of about \$1.5 million."

Widening the traditional spectrum of in-house investment expertise, Citibank Private Bank even has art scholars on staff to advise clients on which pictures, sculptures, or other objects d'art might be worth buying. "Art is, in fact, a major investment product," said

Switzerland Faces Threats to Dominance

By Conrad de Aenlle

HOW private will Swiss private banking be if the hermetic people of the confederation vote to join the very public European Community, as their leaders have applied to do?

EC membership would have little impact on the private banking industry, Swiss bankers insist. Independent analysts say that may be true, but only because Switzerland's domination in the private banking sector has been weakening for some time, with other upstart centers yanking away market share.

"I wouldn't have thought it would have any effect at all," Keith Brown, a banking analyst for Morgan Stanley in London, said of EC membership, which Switzerland officially sought last year. Then he added the bad news: "When you look at private banking in general over the last decade, it has been moving away from Switzerland to other centers, like Luxembourg. More than half of private banking assets are outside Switzerland."

The official industry line is that the main selling points of Swiss private banking are under no threat. EC membership, should it occur, will have little practical effect on private banking, with no changes in taxation, regulation or the confidentiality for which Swiss banks are famous.

"Not a lot is going to change as long as we maintain bank secrecy," said Jean-Claude Pignet, senior vice president for private banking asset management at Swiss Bank Corp. "In the EEA negotiations, bank secrecy has not been discussed. Bank secrecy is in the constitution in Switzerland. I don't think the citizens are prepared to remove secrecy."

The EEA is the European Economic Area, which will merge the Community with the seven Nordic and central European nations of the European Free Trade Area into the world's largest free-trade zone.

But other bankers say the effect of EC membership would not be so easy to gauge and may not be so good for banks.

"Nobody knows. The consequences depend on so many variables," argued Luc Denis, director of J. Henry Schroder Banque in Geneva, the Swiss arm of the British bank. "Number one, nobody knows what the Community will be like when the time comes to decide on membership. It's an extremely complicated situation. I'm a professional, but if I've expected to know what effect it will have, I'd say, 'God knows.'"

Any impact of EC membership is expected to focus on confidentiality and on the potential loss of Switzerland's economic and political neutrality.

Absolute confidentiality, in truth, has not existed for years at Swiss banks, if ever. Smirner characters in trench coats and fedoras do not slip account numbers to a clerk who lets them into a vault to fondle gems and banknotes.

Banks are required to keep silent about their clients and their affairs or else risk fines

or imprisonment. But last year the opening of Form B accounts, which allowed transactions through intermediaries such as lawyers, trustees and notaries, was outlawed. And, as of Oct. 1, partly to curb money laundering, anonymity is allowed when making cash transactions only up to 25,000 francs (\$18,600), down from 100,000 francs.

The increasing control of funds deposited in Swiss banks "has been dramatic," said François Larsen, a senior private banking executive at Crédit Suisse in Geneva. "Many accounts have been closed. . . . Some may go elsewhere, not because it's bad money, but they want to remain anonymous."

One reason owners of good money want to remain anonymous is to avoid paying tax on it. That's no crime under Swiss law, and Swiss authorities do not feel compelled to help other governments lay their mitts on money held in Swiss accounts. That's not true with drug money and other gain that is ill-gotten under Swiss law.

Should Switzerland join the Community, authorities would have to submit to Commu-

"When you look at private banking over the last decade, it has been moving away from Switzerland to centers like Luxembourg."

Keith Brown of Morgan Stanley.

nity-wide regulations, not just their own. That could deflate Swiss secrecy protection.

"EC membership, as such, will not have any effect," said Gerard Herzig, a professor of law at the University of Geneva. "The only question is because of increasing cooperation and the changing nature of the market, will confidentiality change and will it matter?"

"Changes can be in administrative law, not criminal law," he added. "Insider trading in Europe didn't matter 10 years ago. In the future, it could be the same with taxes."

The shift toward more openness may explain data suggesting that customers are pulling money out of Swiss institutions that do private banking exclusively. A report released by the Swiss National Bank, which conceals and executes the nation's monetary policy, shows that in 1991 the number of private banks fell to 19 from 22 the year before, and total assets slipped 4.4 percent to 5.33 billion francs. Those figures don't include the private banking services of big commercial banks like Crédit Suisse and Swiss Bank Corp., or of foreign-owned banks like Schroders.

The good news for private bankers is that

See SWISS, Page 21

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Choosing a Private Banker Means Knowing What You Want

By David Hunt

PRIVATE banking means different things to different people. And with big commercial banks trying to attract clients and improve their image by touting such things as personal banking services or select services, why people don't know what the private banking label means at all any more.

So if a consumer wants to shop around a private banker, he or she must begin deciding exactly what services are desired. For many investors, private banking means money management. This could include high interest-bearing accounts and specialized loan and overdraft facilities. Perhaps more often, the term implies a personal service, something a cut above the mass-market product. The bank may offer certain something extra in terms of flexibility, discretion and, often more importantly, exclusiveness.

To others, private banking and investment banking have tended to become synonymous. The private banker is simply a portfolio manager who has no particular aptitude to grind between various markets and instruments in the way that a stock broker might, for instance. The degree of personal service—having a customized portfolio or being slotted into existing funds—is likely to vary in direct proportion to the amount of money involved.

Even here, though, the term private

banking can have different connotations depending on where you are located. "An investment banker in the U.S. will take your money and try to leverage it four or five times," says Sandy Bove, marketing director of Lombard, Odier in Britain, "while in Europe they will want to know what your risk tolerance is."

In London, the service-oriented side of private banking has traditionally played a major role. Times may have changed from the days when the private banker was ranked alongside the family doctor and solicitor as close personal friends, but that sort of ethos still survives in places.

Coutts & Co., celebrating its tercentenary this year, is perhaps the epitome of the original private bank.

"The services we offer are much the same as any other bank, but the difference lies in the manner and style in which these services are delivered," says spokesman Julian Marczak. "When we open an account, we don't say we can offer this, that and the other. We sit down with the client and ask them what they want from us."

With 18 branches and 45,000 personal customers, each Coutts manager will have no more than 700 customers to serve. And the personal touch is still very much in evidence. Mr. Marczak relates the tale of a Coutts employee who delivered six jars of Coleman's mustard to a customer in the Middle East who was having difficulty obtaining it.

"Personal service and attention to detail are the essence of private banking," he says.

That service may not be available to everyone, but a Coutts account is generally open to anybody. There is no minimum balance requirement. The bank discourages balances below £3,000 (\$5,000), however, by charging a quarterly fee of £30 and a per-check charge of 75 pence. For balances above that threshold, there are no charges and interest is paid at 4.87 percent.

If exclusivity is desired in a private bank, one could try for an account at the Bank of England. The British central bank does offer private banking, although only to a select number of individuals. These are understood to include certain members of the royal family, members of staff and others with whom the bank has "active business links."

Exclusivity has its price, though, and the cachet of such an arrangement seems to be outweighed by the disadvantages. Although no minimum balance is required for a checking account, credit balances earn no interest. Overdraw by as much as a penny and you are likely to receive a lecture on how to manage your finances properly. Overdraw three times and you're out.

Many wealthy individuals are willing to forego exclusivity and the frills of clerks in frock coats for the benefit of earning a good rate of interest on their cash balances.

Cater Allen, established in 1815, offers a full range of banking facilities, both onshore and offshore, including an interest-bearing checking account for customers

who meet its £1,000 minimum balance. The drawback here, as with other similar offerings, is that they lack easy access to cash. The account isn't connected to an automatic teller network. "The private bank is often used more as an adjunct to an ordinary housekeeping-type account," says director David Jude.

Tyndall & Co. offers a similar service with an interest-bearing checking account and a range of higher-yielding fixed-term deposits, but again no access to cash. The personal aspect is still there, however. "We are on the phone to our customers on a regular basis," says operations manager Nigel Partridge. "We don't wait for them to contact us."

Increasingly, though, private banking is becoming more about investing than depositing. That's certainly the case with the commercial bank players.

"As far as Credit Suisse is concerned, investment management is the major component of private banking," says Paddy Ross, director of Credit Suisse Asset Management in London.

Exclusiveness plays a big role here, too, though in a different sense. "We provide for those who have assets of £80,000 to £100,000 upwards, which is rather low for this sort of market," says Partridge. By contrast, Mr. Partridge defines Tyndall's market as those with a checking account balance of £5,000 to £10,000.

With more private bankers now fighting for the lucrative end of the asset manage-

ment market, selecting a manager has become a more difficult job. Anthony Yagdoroff of the London-based consultancy firm Allenbridge Group offers a service where individual clients are taken in a chauffeur-driven limousine on a day-long tour of the city's private banks. The client gets to meet four to five top-drawer fund managers, selected by Allenbridge on the basis of the client's requirements.

"It's part of my job to make sure that the client asks the right sort of questions," Mr. Yagdoroff says, "and that he sees the right people. It's important that they see the fund manager, not the marketing director. They need a fund manager who thinks like they do."

What are the right questions to ask? They can be endless, but Mr. Yagdoroff suggests focusing on the manager's investment style and past performance. Depending on preferences, the client may want to know the manager's views on overseas investment and currencies, and where he or she looks for research. He also urges asking how much personal involvement the client will have in strategy, and last but not least, how much the service will cost.

At the end of the day, no matter what a person's needs are, private banking comes down to trust: building a personal rapport with the bankers and finding someone the client feels comfortable with. "Too many people," Mr. Yagdoroff warns, "spend 20 years building up their capital, then hand over their money to the first person who smiles nicely at them."

A Resumé of Services

Private banking services in London					
	Mln. invest. or balance	Interest paid (current rate)	Cash card?	Check book?	Overdraft facilities?
Bank of England	None	None	Yes	Yes	No
Coutts & Co.	£3,000	4.87%	Yes	Yes	Yes
Cater Allen	£1,000	6.70%	No	Yes	No
Tyndall & Co.	£1,000	7.50%	No	Yes	No

1. Only for use within the Bank.
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3. Via NatWest and Midland machines.
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A survey of private banking clients

Clients rate the following as one of their top three goals.

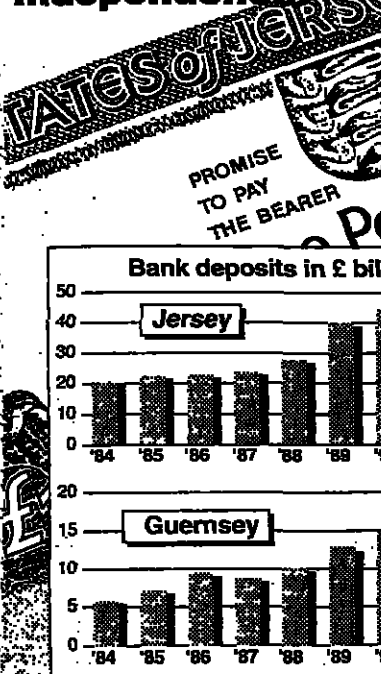
Finding a stable environment for assets	57%
Preserving wealth against inflation and depreciation	55%
Protecting family in case of premature death	50%
Increasing wealth substantially (doubling in five years)	30%

Clients rate the following as one of their top three priorities.

Solid reputation	67%
Old and established bank	35%
Provides high returns	30%
Global presence	22%

Source: Chase Manhattan Private Bank

Banking on Independence



Source: Jersey Financial Services Commission, Guernsey Financial Services Commission.

Channel Islands Beckon as Europe's True Offshore Center

By Philip Crawford

SWITZERLAND isn't the impregnable fortress of banking secrecy that it once was. Luxembourg and Dublin, the two tax havens within the European Community, continue to be haunted by the possibility of Community-wide tax legislation down the road. Do these developments make the Channel Islands the leading candidate to be Europe's premier offshore private banking center of the future?

Islands-based banking professionals, pointing to the independence of Jersey and Guernsey from EC finance regulations as well as to the momentum of the islands' banking growth over the past decade, say yes. The key, many assert, is the political stability that the islands' self-governing structure provides, a continuity that some say has already prompted investors from Japan, Asia and the Middle East to choose the Channel Islands over other offshore centers.

"Our major distinction in this part of the world is that we're out-

side the EC," said Julian S. Bub, managing director of Chase Bank & Trust Co. (C.I.) Ltd. in Jersey, which offers private banking services to high net worth individuals. "We're offshore Europe. And that in itself has proved to be important to many clients."

Since the Channel Islands' emergence onto the global banking stage in the early 1960s, their tax laws and confidentiality standards have persuaded many wealthy people to park their assets there. And as the islands have become increasingly prominent, particularly over the past decade, banks from all over the world have set up shop to meet the demand. Since 1984, the number of banks in Jersey has grown 44 percent to 65, and in Guernsey, 62 percent to 73 banks.

The increase in deposits has been equally steep over the same period: In Jersey, a 120 percent hike to £45.2 billion (\$73 billion), and in Guernsey, a 205 percent climb to £17.7 billion, according to finance officials on both islands. And that's just the cash. There's additional billions under management in

trusts, for which no comprehensive records are maintained.

The reasons for such growth are myriad, say banking analysts. One factor, of course, is that protection from taxes is a product that is eternally in demand. For nonresidents of the Channel Islands, interest income on deposits is paid out in

interest rates that depend on how much money a customer has on deposit. A typical minimum deposit is either £10,000 or \$20,000, and varying levels of service often exist for those with deposit levels of £100,000, £250,000, £500,000 or over £1 million.

One Guernsey bank managing

"Our major distinction is that we're outside the European Community."

Julian S. Bub of Chase Bank & Trust Co. in Jersey.

gross, and there are no capital gains, wealth, gift, death or any other forms of tax. There is no precedent, moreover, of Channel Islands authorities divulging information to foreign revenue services. The precedent is one of noncooperation.

That alone is a good selling point for wealthy individuals who live off the income from their investments, and many products in the islands' private banking spectrum are set up for just such clients. Most institutions have a strata of services and

say their proponents, is the absence of fear that EC legislation will eventually eradicate their tax advantages, an anxiety that lurks in the shadows for Luxembourg and Dublin.

"There's just no way that the EC will ultimately allow tax havens within its own borders, and if people in Luxembourg and Dublin say that that doesn't worry them, they're lying," said one Jersey bank officer who insisted on anonymity. "And even if tax harmony never actually happens, the reality today is that it might. That in itself is enough to give investors pause."

Responding to rumblings on the issue within the islands' financial community, both the Economic Advisors Office of the States of Jersey and the Advisory & Finance Committee of the States of Guernsey—each island's highest regulatory body—recently published lengthy statements outlining their identical constitutional positions in regard to EC fiscal legislation.

Each island's independence, say the statements, is guaranteed by Protocol 3 of the Treaty of Accession of the U.K. to the European Community, and cannot be changed without altering the actual protocol.

Such an event would require the unanimous decision of all EC countries, including Britain, and is seen by islands-based officials as less likely than the prospect of the morning fog forever vanishing off the Brittany coast.

Officials in both Luxembourg and Dublin, to be sure, make the same argument. Any change in their status, they assert, would have to be made by unanimous EC ballot, a vote that they themselves would veto. To that, many in Channel Islands are replying: Well, maybe, but there's plenty of turmoil in the Community.

"Much of private banking is nest-egg stuff," said Dennis Crane, managing director of ANZ Grindlays Bank (Jersey) Ltd. "It's looking after people's assets and trying to enhance them or, in a bad economic climate, at least maintain them. And what people want most, in addition to professionalism and confidentiality, is a politically stable environment."

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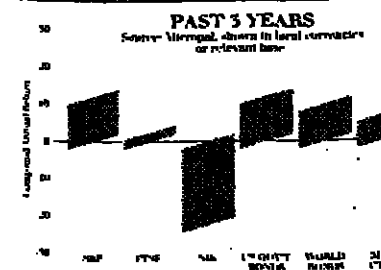
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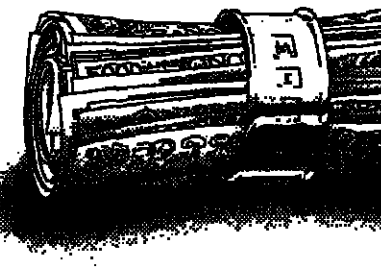
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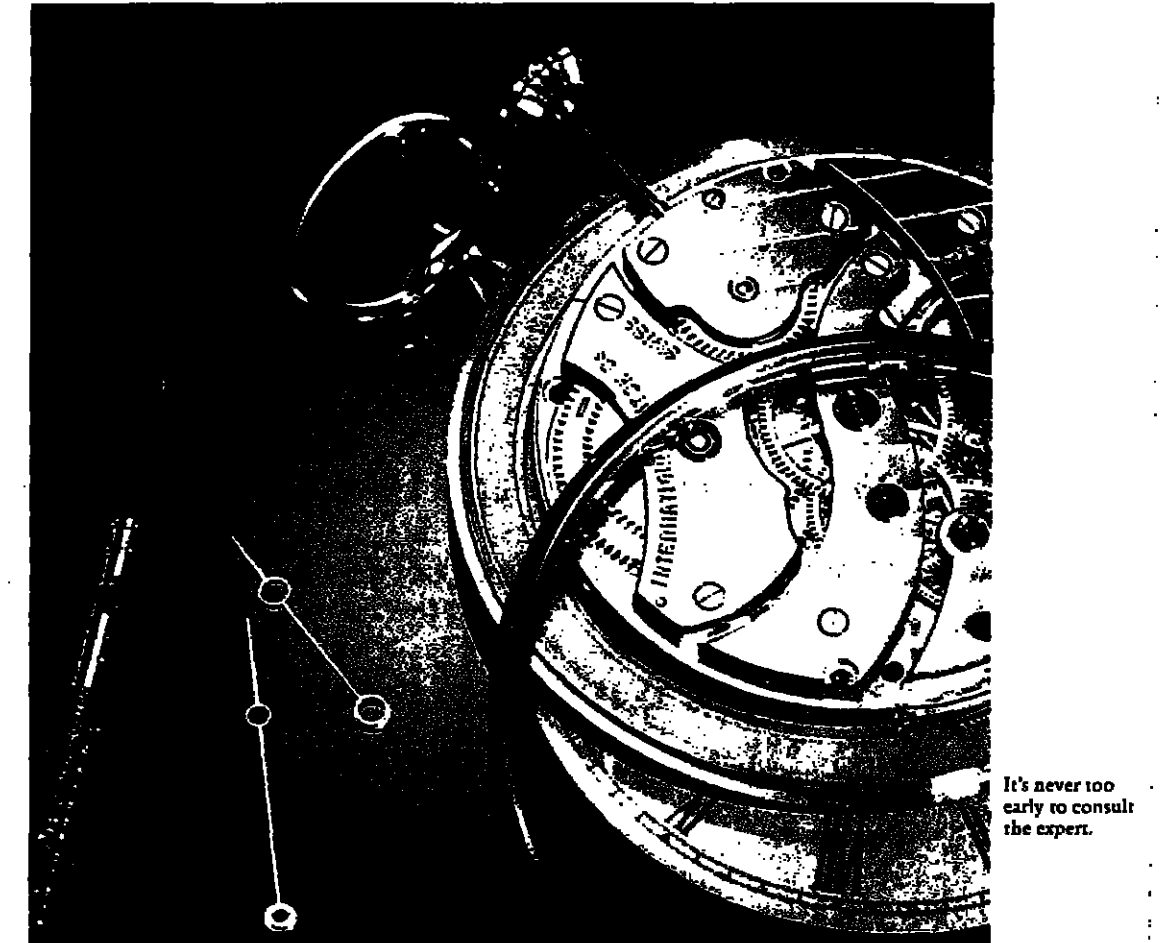
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Private Banking - A Special Report Service Today Means Performance, Not Coddling

By Conrad de Aenle

THE bottom line was never something talked about at great length between private bankers and their clients. Performance didn't matter much and neither did the price of services rendered.

The Swiss are still a victim of their own history. Their private banks "have an international reputation for being more expensive, less performance-oriented and in certain aspects less professional than asset managers in London, for instance," concedes Luc Denis, director of J. Henry Schroder Banque in Geneva, the Swiss arm of the British banking concern.

That image is changing, as is performance, thanks to demands from the banks' evolving client base. Today, fortunes are made — and sometimes lost — overnight. More than ever before, when a private banking customer walks through the door, he is likely to be nouveau riche, not old wealth.

Financial relationships among this clientele are necessarily more fleeting. The new entrepreneurs are concerned with performance, and so, more and more, are the bankers who manage their assets.

"Clients are getting much, much smarter," Mr. Denis said. "They want real ideas, professional answers and performance."

That performance, he added, comes at a reasonable price. The going rate for managing a private banking account is half a percent a year of assets plus transaction and custodian fees.

"Managing an account now costs more or less what it does in London or New York," he said. "If

you have a globally managed portfolio, whether it's in London, Frankfurt or Switzerland, it's the same."

In other words, private banks are starting to manage assets like other professionals, competing on results and costs. Discretion is still the industry's watchword, and performance comparisons with mutual funds or other types of asset managers are "virtually impossible to come by. But by most accounts, even from competitors, private bankers are doing rather well."

"I think the banks have proven they're very capable," said Ziad Malek, managing director of the international division of Massachusetts Financial Services, which recently opened an office in Lausanne. "There's no reason a bank can't manage money with the same level of confidence an investment adviser can. They do a comparable job as any firm on Wall

Street or as we do as a U.S. fund company."

A private bank's capabilities as an asset manager depend a lot on where it's headquartered, Mr. Malek said, with European ones being in a better position to provide those services.

"You have to make a distinction between a bank's ability in managing money and what regulators allow them to do," he explained. "Banks in Europe are termed universal banks. Regulators in Europe, Germany for example, allow a bank to perform a much wider spectrum of functions than can be performed in the United States."

Swiss bankers claim they are especially adept at implementing international investing strategies.

"We have for years now been thinking more globally," remarked Marcel Mahon, head of private banking at Swiss Bank Corp. in Geneva. "We've had to because Switzerland is such a small country."

SBC relies heavily on computerized portfolio management systems to allocate its clients' assets. Executives say these costly systems help them to "pick the right currency, the right market, at the right time; Asset management used to be a lot less difficult for Swiss private bankers. The right currency was the Swiss franc, which always seemed to rise in value against everything else; the right market was the safe haven of their neutral, fiscally sound country, and the right time was all the time, because nothing ever seemed to change there."

But the Swiss economy has had its ups and downs — mostly downs — over the last couple of years.

Francis Larsen, a senior private banking executive at Credit Suisse in Geneva. "If you come to a private bank today, you'll have a relationship manager and a manager who will handle the assets. Banks are getting closer to finding out who the customer is, what is his risk profile. Once we have defined the profile, we're going to manage it with other similar profiles to make it more efficient."

The private bankers at Swiss Bank Corp. seem to want to have it both ways. In touting the bank's portfolio management system, Mr. Mahon said that "if it's the right strategy for a \$1 million client, it's right for a \$5 million client."

But are all people who have a lot of money the same? "We have to discover who the client is, what is his business, what are his objectives," Mr. Mahon responded. "Once the objectives are defined and put on paper, we decide the details of the strategy."

Mr. Denis believes individualized service remains at the core of private banking, and that Swiss banks, bound by tradition, are the best at it.

Only now, service is more sophisticated because clients themselves have become more sophisticated.

"I was managing the funds of Mr. So and So, now I'm managing the affairs of Mr. So and So," he said. "But try getting a letter of credit tomorrow morning because there's a company you want to buy in Hong Kong. Private banks offer commercial financing, accounting and tax, estate and trust planning."

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Money Flows to Edinburgh

By Aline Sullivan

SCOTTISH fund managers, proverbially cautious in their investment strategies, are honing their marketing skills to attract new institutional and private client funds. This new aggression seems to be paying off: Brokers say more and more money is winding its way to Scotland.

Edinburgh is Europe's second-biggest fund management center after London. The city's financial services sector, based around Charlotte and St. Andrew's Squares, is steeped in history. Scottish fund managers have been investing much of Britain's capital since the industrial revolution.

Today's fund managers, working in the same Georgian buildings, dismiss the stereotypes of "Canny Scots," saying they recruit from all over Britain and focus on international markets. But many concede that this conservative image, aggressively marketed, is winning new clients at the expense of their London counterparts.

"We offer private clients two things they can't get in London: a continuity in personnel and the attitude that people with £1 million are quite important," said Mr. Prickett. "Also, we have a long-term reputation and are away from the hurly burly of London."

"We are seeing a drift of private client money to Scotland because the service is better and the costs are lower," said Mike Cuthbert, a broker at James Capel & Co. in Edinburgh. "On the institutional side, some groups like Baillie Gifford have demonstrated by their performance that they can attract substantial new business. The majority of the other houses continue to show solid investment returns."

Baillie Gifford is the largest independent fund manager in Scotland with £5 billion under management. Clients include the Ontario Teachers' Fund, the biggest pension fund in Canada, and the City of Los Angeles Employees Retirement Fund. The firm's Scottish Mortgage Trust ranks fourth out of 18 British trusts in the general international category with a return of 4.95 percent over the past year, according to fund statisticians Miprocal.

"Our performance has certainly helped us to win clients lately," Mr. Ward said. "But there is nothing clever or special about us and I don't think we are particularly conservative except in our pension fund management. We just have a consistent application of fundamentals to asset allocations."

Brokers say Edinburgh fund managers are less willing to invest in takeover targets than their London counterparts. This strategy was something of a disadvantage in the 1980s but it now very attractive to British and international clients.

"The Edinburgh managers are more conservative," said David

percentage points a year on the franc and a few more points on bond interest, the trick was not running money but providing service, whether it was sending cash to a client's vagabond nephew abroad or "walking Madame la Comtesse's dog," as Mr. Denis puts it.

But in their new emphasis on performance, are private banks shortchanging their customers on the sort of personalized treatment for which they were famous?

"Private banks on the fund management side will stack up against any of the major institutions, at least in the U.K.," said Chris Macdonald, managing director of Brooks, Macdonald, Gayer, a London brokerage, but "the quality of the person advising individuals is reasonably poor and the level of service is poor."

"What you normally find is rather than making each portfolio individualized, they tend to box them — high growth, income — you fit into one of those categories," he said. "Brokers tend to take a more individualistic view: We are managing this person's assets."

He said another problem at British private banks is a high turnover of managers and other personnel. Private bankers turn livid when they hear talk like that.

"That's totally wrong," declared Francois Larsen, a senior private banking executive at Credit Suisse in Geneva. "If you come to a private bank today, you'll have a relationship manager and a manager who will handle the assets. Banks are getting closer to finding out who the customer is, what is his risk profile. Once we have defined the profile, we're going to manage it with other similar profiles to make it more efficient."

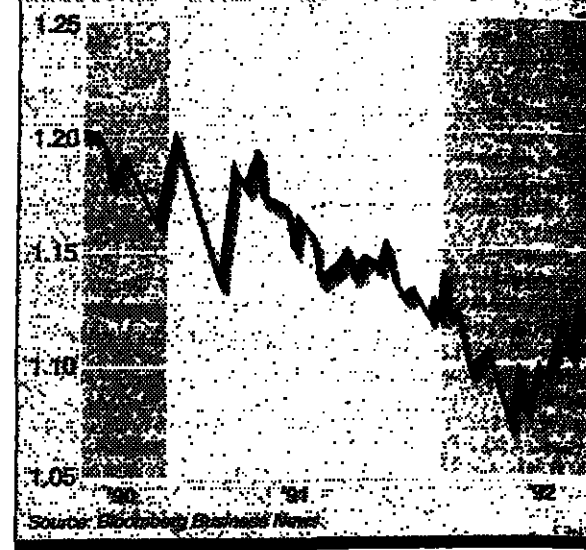
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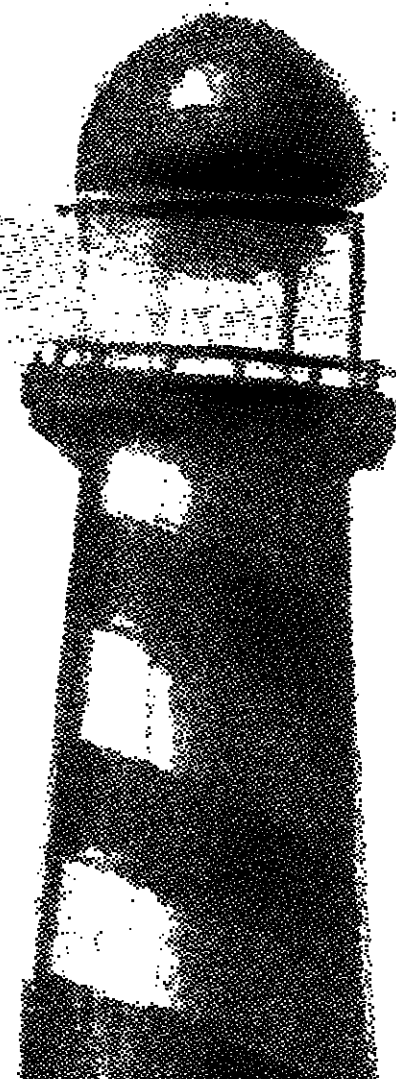
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THE MONEY REPORT

Foreign Firms and IRS: Hard to Assess

By Robert C. Siner

CHARGES that foreign-owned enterprises do not pay their "fair share" of U.S. taxes are based on inadequate and potentially misleading data, a new study warns. The review, by the accounting firm KPMG Peat Marwick, says that although foreign-owned enterprises tend to have lower pretax rates of return and, by some measures, a lower effective tax rate than American-owned enterprises, these differences "more likely mean that the companies are not truly comparable" than that cheating is occurring. The issue has acquired urgency because the presidential front-runner, Bill Clinton, has made increased taxes on foreign enterprises a major part of his economic proposals. Measures being examined by Congress include a tax on gross receipts, or sales, of foreign-owned U.S. corporations, a type of minimum tax that would sever the relationship between profits and taxes. In 1988, the most recent year for which data is available, the Internal Revenue Service reports that foreign-owned enterprises paid \$3.8 billion in tax on income of \$19.8 billion. The effective tax rate of 29.3 percent was higher than the 25.5 percent for U.S. companies, which paid \$93.9 billion in tax on \$367.4 billion in income. Most of the outcry, however, is based on IRS figures that show foreign-owned enterprises report significantly lower rates of re-

turn than American-owned enterprises. The effective tax rate as a percentage of sales in 1988, for example, was 0.7 percent for foreign companies and 1.1 percent for American. Peat Marwick found the IRS statistics potentially misleading because they did not take into account differences in the mix of industries and financing between foreign- and U.S.-owned firms. In effect, the report says, looking at tax rates as a percentage of receipts, net assets or net worth, as many studies attempt, are only valid when comparing firms that are in the same industry, have similar equity-debt ratios and have the same mix of older and newer assets. Focusing on comparisons within industries and looking at returns to lenders as well as shareholders brings the rates of return much closer. Also, the "historic method" of cost accounting used by most companies, rather than the "fair market value" method, overstates rates of return on the older invest-

ments, of which American companies tend to have more. Finally, the rapid growth of foreign-owned enterprises entails more borrowing and thus interest expense, which is tax deductible. On exchange rates, Peat Marwick found that a weak dollar tended to reduce profits of foreign-owned manufacturing operations because they buy many of their parts and equipment from abroad, paying in stronger foreign currencies. The effect of exchange rates on other types of businesses was unclear, though, the study says. The evidence on transfer pricing, another longtime suspect of abuse, was similarly unclear, the study found. The only way to determine whether there is transfer pricing manipulation, whereby a foreign parent overcharges its U.S. subsidiary for materials to boost its profits at the expense of the subsidiary, is on a case-by-case basis with a careful examination of all the relevant facts. The IRS data was not sufficient to do this, the study claims. From that data was available, however, the study says that the disparities could as easily be explained by "fundamental differences between the operating structures" of foreign- and American-owned enterprises. In conclusion, the study says that current data should be "only one element" in determining tax policy toward foreign-owned enterprises. Decisions on whether to increase taxes on foreign businesses demand "more accurate measures of the true comparability of the firms being analyzed," it argues.

SWISS: EC Threat Is Debatable, but Outside Competition Makes Inroads

(Continued from Page 18)

their profits rose by 15 percent last year. That may be why Michel Derobert, of the Geneva Private Bankers Association, said his members were pleased with last year's performance.

"I'm not sure you can say business hasn't been that good, as far as my membership is concerned," Mr. Derobert said.

But others concede that a shakeout has been occurring in the industry. In the last two years, "several banks went out of the private banking business" through mergers or takeovers, said Georges Verjux, chairman of Chase Manhattan Bank (Switzerland). "There's been a sort of consolidation in this market." When it's over, he said, there will be "fewer players, but bigger."

Mr. Denis estimated that one-third of the Swiss institutions offering private banking services lost money last year or saw profit fall, despite the strong earnings reported overall. The consolidation, he said, is likely to last several more years, with still more private banks closing up shop. Should that occur, he said, "it will remain an efficient banking industry with a capacity to manage funds and a capacity to provide services."

Even though secrecy is probably the feature most closely identified with Swiss banks by the public, Chase says a study it conducted shows that confidentiality is not especially important for its Swiss private banking clients.

Financial goals most likely to be given top priority by Chase clients are "finding a stable environment for assets," "preserving wealth against inflation and depreciation,"

"protecting family in case of premature death" and "increasing wealth substantially." Secrecy was near the bottom of the list. "Switzerland is a safe haven, not a tax haven," Mr. Verjux said. "What is a client looking for? A safe environment, reputation, history."

But throughout history, Switzerland has kept its own counsel, gone its own way, taken orders from no one. That would change with EC membership. The country

EC membership could cost Switzerland 'a good deal of banking secrecy, neutrality and the golden aspect of the Swiss franc.'

Luc Denis of J. Henry Schroder Banque.

would become a part of a bloc that it has won a haven from, even recently during the September currency crisis. "Financially, I'm not convinced it will change a lot," Mr. Denis said. But "we would probably lose a good deal of banking secrecy, neutrality and the golden aspect of the Swiss franc."

One reason many others in the Swiss private banking fraternity aren't getting particularly worked up over the prospect of EC membership is that they see that prospect as extremely dim. The Swiss, perhaps more than any other people, are not much for

joining things. Even more so than Americans, they like to keep a discreet distance from their central government — as far as possible, actually — swearing allegiance to their cantons, if to any political entity.

Under the cantonal system, not only must a majority of Swiss voters approve EC membership, but voters in a majority of the 23 cantons must do so. Should more than half of the electorate approve membership, but be concentrated in the populous cantons where the larger cities are situated, the referendum might still fail.

Given the glacial speed at which progress tends to be made in large international bodies, an actual vote on EC membership is not expected until near the end of the century or later, if at all. Much more pressing is the Dec. 6 referendum on membership in the ECU. That referendum is expected to pass. "Joint access to markets and capital and people — the risks of losing are much more reduced," Professor Herzig said of that vote. "It's easier to accept."

Bankers say membership in either multinational bloc actually would benefit them and their clients in some respects. Banks would be able to build their staffs from throughout Europe, rather than relying heavily on Swiss nationals. And with their market no longer protected, they would be forced to improve their services as the field is opened up to foreign competition. "You're getting a much more level playing field in private banking throughout Europe," said Mr. Brown of Morgan Stanley. "Switzerland is responding positively to this. They're extending their investing outside Switzerland, becoming more international in their approach."

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SPORTS

There's Only One Option for an Olympic Vaulteer Who Fell Just Short — Try Again

By Ian Thomsen
International Herald Tribune

PARIS — The time in between Olympics is like a walk across the desert. Just two months ago, in Barcelona, Kory Tarpenning completed his second Summer Games. But he, like many others, is not satisfied, and his next chance won't come until after another four long years of work.

In between, the question is: How do you do in the Olympics? Everyone he meets will want to know. It was a defining moment in his life, and as such the event is too complicated to be summed up by a number. The number is but the title of a story. He should be proud, and he is. But that's what the years are boiled down to: fourth place. He finished fourth.

"I don't think a lot of athletes prepare for how they're going to feel after the Olympics, but it's something they all go through," says Steven Ungerleider of Eugene, Oregon, co-author of "Beyond Strength: Psychological Profiles of Olympic Athletes." "The whole notion of preparing, of being an elite athlete, has to encompass all of the ups and downs, incredible peaks and valleys. They focus on competing in the events, but they don't focus on what happens afterwards."

The first time he competed in the Olympics, in 1988, Tarpenning, an American pole vaulter, was not prepared. His poles were lost and then recovered by an airline shortly before he was to depart for Seoul. He opened his pole bag to discover that each of his poles had been crushed at the tip. They were ruined, and so was he. It was like trying to play championship golf with a stiff new set of clubs.

He finished 10th. Not one hour later he was promising to perform better in 1992. Before he had even exhaled his frustration, he was publicly sentencing himself to four more years.

"I was not good company after those Olympics at all," Tarpenning says. "Unfortunately for my girlfriend, she took the brunt of my disappointment."

Ungerleider and his co-author, Jacqueline M. Golding, surveyed 373 track and field athletes who qualified for the 1988 U.S. Olympic trial. "Athletes need to cope with all parts of the matrix of their events, and that includes letting go of the big event, and being prepared for going on with one's life," Ungerleider said in a telephone interview.

"They're in a very vulnerable position," he said. "When the big event is over, some of them go through a fumbling period that could last three years. This is a huge question that comes up: 'Why did I spend all of this time in this one event, 14 or 15 years — why didn't I move on with my life?' Later they discover the rewards of their discipline, but it's a very painful time."

Tarpenning would not stop there. He finished 1988 ranked No. 4 in the world, which only underlines his disappointment in Seoul. Growing up in Eugene, Oregon, the track and field capital of the United States, his childhood ideals had swirled around the Olympics. Now he was married, with an Olympics behind him, and the training was growing humdrum. His wife, Susan, applied to study fashion at the Parsons School of Design in Paris. They went for it, moving there two years ago.

He signed with the Racing Club of Paris and worked with coach Maurice Jovian at INSEP, the French national training center. The move rescued him. In their apartment, Susan laughed at the sight of her husband prancing through his imaginary vaults. As the 1992 Games approached, Tarpenning spent an hour or more each day in a trance, visualizing the Olympics, beginning with the plane ride to Barcelona, to his practice sessions, to his free time in the athletes' village — preparing himself for every

aspect that he could imagine. Of course, he couldn't imagine everything. In 1988 he went to the Olympics with his girlfriend's family, and worried that he lost his focus. This time he arrived in Barcelona at the last possible moment.

'I don't think a lot of athletes prepare for how they're going to feel after the Olympics, but it's something they all go through.'

Steven Ungerleider, co-author of a book on sports psychology

72 hours before the pole vault. He ate, slept, watched television and waited. The world-record holder, Sergei Bubka of the Unified Team, was one of the biggest favorites in the Olympics. Tarpenning's goal, as America's top vaulter, was simply to win a medal. Of the eight medal contenders, only six advanced to the final. During the

qualifying round, Tarpenning and his U.S. teammates noticed that Bubka was receiving his usual special treatment. Each athlete is supposed to vault within two minutes, but Bubka was leisurely removing his sweat, preparing himself rhythmically before appearing on the runway with only 75 seconds remaining — at which time the clock was reset to two minutes.

At some points, Tarpenning noticed, Bubka was allowed up to 15 minutes before attempting one of his many world records. This time the Americans complained, telling officials that Bubka should be held to the standard two-minute allotment in the Olympic final.

Tarpenning cleared his opening height of 5.60 meters (18 feet, 4.47 inches), then waited. Just before Bubka's first vault, Tom Bright, an American who had fallen out of the competition, confronted the timekeeper and said, "Same rules for everyone, right?" The official nodded. Later Bubka would complain that the clock seemed to be moving faster than normal.

"He lost his composure," Tarpenning said. "Normally he takes his time, takes a few steps, and when he's ready to go, he'll go. Now he was forced to go before he was ready to go. He was watching the clock, hustling to get back — he was

more nervous than before. That's one thing I can say. Even though I've not jumped higher than he has, and I didn't win the gold medal, I went into the competition more prepared than he was."

When Bubka finally no-heighted at 5.75 meters, Tarpenning's expectations leaped like a carolignogram. He could win the whole thing. Just as quickly, he realized that photographers were swarming onto the runway around Bubka. Using his pole like a police barricade, Tarpenning shoved them stumbling back into their photo pit. His own two minutes were running.

Tarpenning missed twice before clearing his last attempt at 5.75 meters. He was one of four athletes still alive. If he could convert his third try at 5.80, he would move past Javier Garcia Chico of Spain, the national favorite, to win the bronze medal.

"I noticed the whistling and boing while I was running down the runway, but I didn't know it was for me," he says. "When I missed the jump, the whole stadium erupted. I said, 'What's going on? Something else in the stadium must have happened.' Then I realized nothing else was going on in the stadium."

He watched the next vaulter clear 5.80 meters. The bar didn't fall, and Tarpenning's hopes did. From the height of a possible gold medal, lifted there by a lifetime's work, he landed fourth.

Ungerleider's research has told him that many athletes in Tarpenning's position keep falling into a state of post-Olympic depression.

"We should teach athletes to prepare for both extremes," Ungerleider said. "Suddenly the Olympics are over, and you aren't preparing for them anymore. You have to live with the result."

Four days later Tarpenning was back on the runway, at a meet in Monaco. He was exhausted. He no-heighted there, and at his following meet as well. Before he knew it promoters were threatening to withdraw his invitations if this was the best he could do. He had no choice. He is 30 years old, a professional. He went back to work.

"I plan on continuing to the next Olympic Games," Tarpenning said. "I was disappointed I didn't get a medal, but I did my best on that day. I didn't win the bronze because I had more misses than the other guy. What that tells me is that I have to be technically perfect on every jump. I'm going to keep working at it. I have the desire to do this until 1996."

That's the thing about time — it flies by as you grow older.

Bayern to Field Maradona in Lazio Match

The Associated Press

MUNICH — Diego Maradona will make a guest appearance for Bayern Munich in an exhibition soccer match against Lazio of Rome next month, the Munich club said Friday.

The game is scheduled for Nov. 11 at Munich's Olympic stadium, said the Bayern spokesman, Markus Hoerwick.

The Argentine superstar, who recently joined the Spanish club Sevilla after serving a 15-month ban for cocaine use, will be paid for his appearance. But Hoerwick declined to specify the fee.

Lazio includes two German stars, Karlheinz Riedle and Thomas Doll, and the English star Paul Gascoigne.

For the Redskins, Will Experience Pay Against the Soaring Vikings?

New York Times Service

REDSKINS (4-2) at VIKINGS (5-1)

Key stat: Redskins have won five straight over Minnesota and rushing defense allows 81.7 yards per game. Vikings alone atop NFC Central after six games for first time since 1983. Comment: Minnesota has the physical stature to stand tall against Washington, and not let the Redskins control both lines of scrimmage. This proves critical, keeping the game close, but the Redskins have more experience and ability to make critical, game-deciding plays in the closing minutes. The Redskins are favored by 2½ points.

BEARS (3-3) at PACKERS (2-4)

Key stat: Bears have won four straight over Green Bay and two straight at Lambeau Field; Packers running back Vince Workman leads NFC backs in receptions with 39. Comment: Bears Coach Mike Ditka will look across the field and see Mike Holmgren, the Packers coach and former San Francisco offensive coordinator. Holmgren called the plays in the 49ers' 52-14 shellacking vs. the Bears in both teams' regular-season finale last year that killed the Bears' chances of winning the NFC Central. Ditka hasn't forgotten. What can he do about it? Not anything that will get the Bears 52 points but enough to have them poised and prepared. Bears by 3½.

BENGALS (2-4) at OILERS (4-2)

Key stat: Bengals have won four in Houston since 1984 and quarterback Boomer Esiason has four touchdown passes and nine interceptions; Oilers have won seven straight at home. Comment: The Bengals, once one of the NFL's top-scoring teams, have crumbled on offense and won't find much relief in Houston. The Oiler defense has not allowed a quarterback to pass for more than 234 yards and Ray Childress and Lee Williams have 11.5 sacks between them. Oilers by 16.

BROWNS (2-3) at PATRIOTS (0-6)

Key stat: Browns quarterback Mike Tomczak has hit 22 of 57 passes for 404 yards with one touchdown and two interceptions; Patriots are allowing 149 rushing yards per game. Comment: Things have gotten ugly in New England and the Patriots still continue against a team that believes it can contend for the playoffs. Browns by 5½.

LIONS (1-5) at BUCCANERS (3-3)

Key stat: Lions lost to Buccaneers 27-23 in Week 4 and Barry Sanders has rushed for only 367 yards; Buccaneers defense has not allowed a 100-yard rusher. Comment: The Lions offensive line simply has not gotten the job done, but it has been hit hard by injuries and tragedy. The Lions say they succeeded high and low help but couldn't find it. Buccaneers by 2½.

CARDINALS (1-5) at EAGLES (4-2)

Key stat: Cardinals have lost eight of last 11 vs. Philadelphia but have won two straight in Philadelphia; Eagles converting 46.8 percent of third-down plays, second-best in NFC. Comment: Eagles linebacker Seth Joyner after Philadelphia's 16-12 loss at Washington: "You can't play football unless you

challenge people. You can't go into a game being afraid. Our offense just say the Washington Redskins and we just fall to pieces." O.K. just say the Phoenix Cardinals. Eagles by 16½.

SEAHAWKS (1-6) at GIANTS (2-4)

Key stat: Seahawks are gaining only 191.6 total yards per game, worst in the league; Giants running back Rodney Hampton has seven rushing touchdowns, tops in the league. Comment: The Giants are a more capable team than their record indicates and Seattle provides a salve to heal open wounds. The focus returns for the Giants — albeit for only a week — in a matchup they should dominate. Giants by 15.

COWBOYS (5-1) at RAIDERS (3-4)

Key stat: Cowboys overall are an NFC-best 47-7 vs. AFC; Raiders are 3-1 in this series with each

game decided by five or fewer points. Comment: Coach Jimmy Johnson has the Cowboys flying high in intensity and in execution. Add those two ingredients with talent and it is easy to see why Dallas has the early lead in its division. Raiders want to keep their three-game winning streak alive and need another stout defensive effort against a team laced with speed in all areas. Cowboys by 3.

BRONCOS (5-2) at CHARGERS (2-4)

Key stat: Broncos have beaten San Diego in four straight and have won 9 of the last 11 in series; Chargers are allowing only 74 rushing yards per game. Comment: Upset here. San Diego has won two straight and is finally getting offensive production to match a spirited defense. San Diego had scored only 46 points in its first five games before scoring 34 to beat Indianapolis. Chargers by 1.

COLTS (3-3) at DOLPHINS (6-0)

Key stat: Colts have five players who have at least one interception; Dolphins can become AFC's first 7-0 team since Miami opened 11-0 in 1984. Comment: This should be a tuneup for the Dolphins to prepare them for the meat of their schedule beginning in Week 10 (Buffalo, Houston, San Orleans, at San Francisco, Raiders). Dolphins by 13½.

STEELERS (4-2) at CHIEFS (4-3)

Key stat: Steelers' Barry Foster sparks AFC's No. 1 rushing attack (142.7 yards per game); Chiefs are 3-0 at home. Comment: Steelers Coach Bill Cowher was assistant under Marty Schottenheimer at Kansas City and at Cleveland, so he knows the Chiefs' tendencies and the Chiefs' players' strengths and weaknesses. He has built a team in the Chiefs' likeness in Pittsburgh: big team, strong running game, hard-hitting defense. Chiefs by 8½.

BILLS (4-2) at JETS (1-5)

Key stat: Bills have won nine straight over Jets, and Bills' Coach Marv Levy is 5-0 vs. Jets at Giants Stadium; Jets cornerback Michael Bram has four interceptions. Comment: Both teams come off a bye week and the Bills have lost two straight for the first time since 1989. They will remedy their pains vs. the Jets, especially on offense. Bills by 8½.

These National Football League matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's of Las Vegas.

BOOKS

WINE SNOBBERY: An Exposé
By Andrew Barr. 336 pages. \$24.
Simon & Schuster, 1230 Avenue of the Americas, New York, New York 10020.

Reviewed by Jonathan Yardley

ANDREW BARR, a British wine journalist, is scandalized. Everywhere he looks he sees wine makers adding sugar, adding water, artificially goosing the aging process and otherwise indulging in "dubious wine practices which are normally exposed only by occasional wine scandals." He wonders: "If the truth were to come out, would consumers be content with cheap wines and no longer be prepared to spend extra money to achieve the image that producers have so carefully created?"

Whether you think that is a good question is likely to depend on whether it matters to you that the most exalted wines of France and California consistently meet the high standards that the most exacting oenophiles expect of them. If, that is, you are a wine snob, you certainly will take very seriously all the charges that Barr musters against the industry, for Barr himself is a wine snob of the first rank — not one who collects fine wines for show, but one who simply cannot imagine that anyone who drinks wine could possibly be content with anything less than the unadorned best.

By the same token, most readers are likely to lose patience with the heavy bar-

rage of technical stuff that Barr fires in his assault against the malfactors of the wine industry. A lengthy chapter on a process called "chaptalization," by which "sugar is added before and/or during fermentation," is given a full-dress 15-page analysis, and is followed by a slightly longer discussion of the practice of blending wines to boost their alcoholic pop or otherwise make them seem better. This will be of interest to mavens but not to those of us who labor under the disadvantage of being relatively uninformed about and/or uninterested in such matters.

"Wine Snobbery" will make you think twice as you wander through the fine wines section of your local wine shop. As you stare longingly at the bottle of Burgundy that can be all yours for half a week's paycheck, you may do well to ask whether everything inside it is what you expect it to be. This may in turn lead you back to the section of less expensive wines, where you will find no showpiece for the evening's table but where, on the other hand, you may have reasonable hopes of getting more or less what you pay for.

Whether this was Barr's purpose in writing "Wine Snobbery" is highly doubtful. But it may well be the most useful lesson that many readers will learn from him, and they may well find this reason enough to wade through the slower parts of his exegesis.

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

COVER the East-West cards on the diagrammed deal, and estimate the chance the lie of the hidden cards will make four hearts by South unbeatable. The chance is obviously very small, but the long shot comes home.

Looking at the North-South hands, one would expect to lose three diamond tricks and two black aces, with a danger of a second spade loser.

South was in four hearts doubled, with no sensible game contract available for the opponents. There was no way for the opponents to take more than East's three aces. The fact that the diamonds were blocked and West had no entry was not enough: the 10-9-8 of clubs had to fall trilinear to allow South to discard two diamond losers.

South did not, however, make 10 tricks. With a little help from the defense, he made 11. West led a spade to his partner's ace, and East cashed the diamond ace and tried to reach his partner's hand by underleading the club ace.

As South had unblocked the spade jack at the first trick, he was able to win with the club king, finesse the spade ten and throw his remaining club on the spade king. Then he ruffed out the club ace, drew trumps ending in dummy and the club seven was established to score the overtrick.

WEST
♠ Q 5 4
♥ A 8 5
♦ J 4 3
♣ Q J 7 6

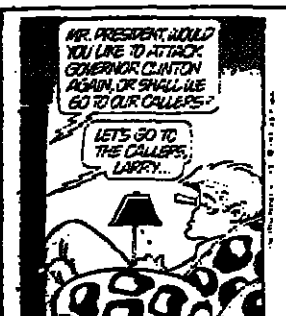
EAST (D)
♠ A 9 8 2
♥ 10 4 3
♦ A
♣ A 5 4 2

South
♠ 10 9 8
♥ K Q 5 7 6 2
♦ 9 7 5
♣ K 3

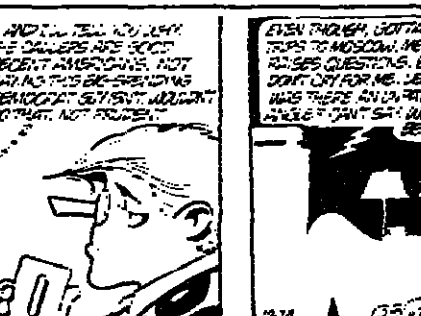
East and West were vulnerable.
The bidding:
East South West North
1♠ 2♥ 2♠ 3♥
3♦ Pass Pass 4♥
Del. Pass Pass Pass

West led the spade four.

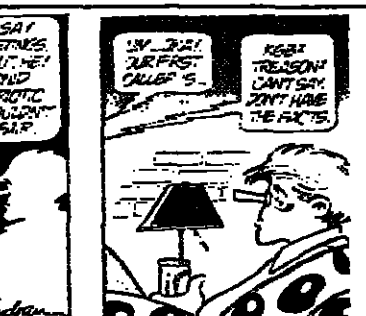
DOONESBURY



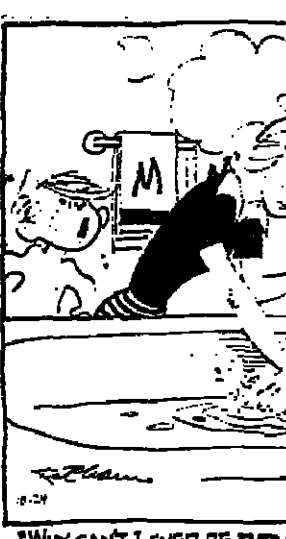
BLONDIE



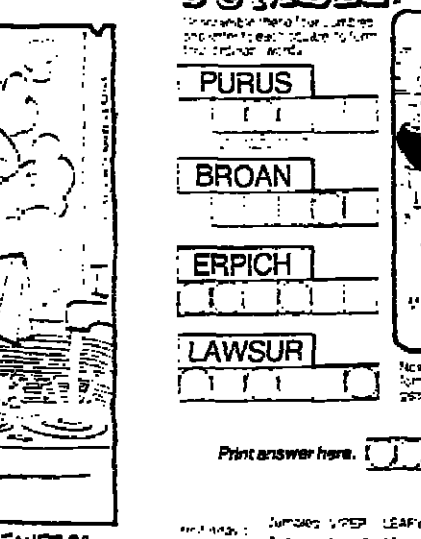
JUMBLE



DENNIS THE MENACE



BLONDIE



JUMBLE



BLONDIE



PEANUTS



BEETLE BAILEY



CALVIN AND HOBBES



WIZARD of ID



REX MORGAN



GARFIELD



SPORTS BASEBALL

Braves Stay Alive, 7-2, as Smith Hits Grand Slam Off Morris

With Deflated Jays Clinging to a 3-2 Lead, Series Returns to Atlanta



Lonnell Smith's grand slam homer in the fifth chased Jack Morris and transformed Smith from '91 Series goat to '92 Series hero.

By Mark Maske

Washington Post Service

TORONTO — Lonnell Smith and Jack Morris like to do this World Series hero-goat routine as a pair.

On Thursday night, however, they switched roles. Smith did not need to stop and ask for directions to get around the bases this time. He negotiated the three left turns easily, after converting a fifth-inning fastball from Morris into a grand slam. And the Atlanta Braves coasted behind that exploit to a 7-2 victory over Morris and the Toronto Blue Jays in Game 5 to stay alive in this 89th World Series.

The 52,268 on hand at the SkyDome — and much of the rest of Canada — had been ready to celebrate the World Series trophy coming north for the first time. Instead, they were subjected to the sort of deflating defeat that had the ghosts of past Blue Jays collapses coming to mind.

The Braves made it three games to two in this best-of-seven affair, with Steve Avery set to oppose Toronto's David Cone in Game 6 on Saturday night in Atlanta.

"I can't tell you how humbling this game can be," said Morris. "You have to suck it up and accept it. If you've been around long enough, you have to take all of it. And tonight I took the bad part. The positive thing is, the Atlanta Braves have won two games and I've pitched both of them. They're in real trouble, because I'm not pitching again."

It was 361 days ago, at the Metrodome in Minneapolis, that Morris became a World Series legend in large part because of Smith's brain lock on the basepaths, stopping at third on what should have been Terry Pendleton's game-winning double. But Smith struck back on Thursday. The 16th grand slam in Series history — and the first by a designated hitter — turned a 3-2 Atlanta lead into a 7-2 cushion, climaxing a five-run rally that began after there were two outs.

"I was happy," Smith said. "I can't explain the feeling I had much more deeply than that. This is just tremendous. I've never really hit Jack well. I felt I'd hit it hard enough to get it out. But then Joe Carter just kept running, and I started to wonder."

Morris's miserable postseason continued. The man who was bought to bring a World Series crown to Toronto was a 21-game winner during the season, but he is 0-3 with a 7.43 earned run average during this postseason. His 423-inning, nine-hit, seven-run disaster on Thursday left him 0-2 with an 8.44 ERA during this Series. That's from a hired gun who began this year with a 7-1 career record in postseason play, including 4-0 (with a 1.54 ERA) in the World Series.

Morris — who was pitching on four days' rest instead of three after Manager Cito Gaston juggled his rotation — surrendered a double on the first pitch Thursday, and he was behind by 1-0 after three batters courtesy of Pendleton's RBI double. David Justice reached Morris for a long, bases-empty home run in the fourth, and Deion Sanders's run-scoring single preceded Smith's opposite-field, fence-clearing line drive on a fat 1-2 pitch.

John Smoltz, the Braves' starter, provided six innings of five-hit, two-run handwork to record his first-ever World Series victory and up his career record to 5-0 (with a 2.12 ERA) in eight postseason outings.

Pat Borders was the Toronto offense, extending his postseason hitting streak to 13 games with a run-scoring double in the second inning and adding an RBI single in the fourth. But the Blue Jays failed to hit a homer for the first time in their 11 postseason games, and Mike Stanton applied the finishing touches to notch a save.

The Braves ended their World Series road losing streak at seven games and 34 years. They became the first non-home team in 11 attempts in World Series play to win a game indoors, and they at least put off following their path of last year — when they went 0-4 in the Metrodome — to a World Series defeat. The Braves will attempt to become the seventh club, among 38 that have tried, to overcome a 3-1 deficit and win a Series.

Pendleton — a member of the 1985 St. Louis Cardinals, who squandered a 3-1 lead to the Kansas City Royals — told the Braves in a pregame meeting that, yes, it could be done. He'd seen it happen. And the Braves seemed to emerge from Game 5 feeling good about themselves.

Morris has a reputation as being perhaps baseball's best big-game pitcher, an image solidified when he beat Smoltz and the Braves for the Twins with a 10-inning shutout in Game 7 of last year's World Series. In that game for the ages, Smith was tricked into hesitating at second just long enough to keep from scoring on Pendleton's eighth-inning double against Morris in what has gone down as an all-time gaffe.

Smith broke his silence on the incident late Thursday night. "I don't think I'll ever get retribution for that," he said.

Smith had help in the Braves' 13-hit assault Thursday. Atlanta got Smoltz a quick 1-0 lead with which to work. Otis Nixon led off the game by grounding Morris's opening pitch down the left-field line for a double. The first of his three hits. Sanders struck out on three pitches, but Nixon stole third base with Pendleton on. And Pendleton got him home by pulling a full-count pitch down the right-field line for a double.

The Blue Jays got even in the second. A John Olerud base hit and a walk to Candy Maldonado set the stage for Borders with two outs. His double into the left-field corner made it a 1-1 game. Justice's mammoth homer to right field to lead off the fourth put Atlanta back in front, but Toronto got even in the bottom of the inning on Olerud's single, a walk to Maldonado and Borders's base hit up the middle.

Nixon got Morris's fifth-inning nightmare started with a two-out single and a stolen base. Sanders hit an RBI single for a 3-2 Atlanta edge. Sanders had to stop at third base on Pendleton's double to right field only because of fan interference, and an intentional walk to Justice loaded the bases for Smith. Morris's up-and-away fastball on the 1-2 count was too hitable, and Smith lined it over the right-field wall. Morris exited the mound to boot.

"It was the pitch I wanted to throw," Morris said. "It's the pitch I live and die with. You saw which one it was tonight."

The Boxscore

Table with columns: Team, AB, R, H, E, BB, SO. Includes boxscore for Atlanta Braves vs Toronto Blue Jays.

With One Big Swing, a Wrong Is Sweetly Righted

By Thomas Boswell

Washington Post Service

TORONTO — Just the words give you a little chill. They're almost too perfect, too symmetrical, too deeply ironic for the real world: "Lonnell Smith saves Braves from elimination in the World Series with a grand slam homer off Jack Morris."

With one fifth-inning swing in Game 5, with one long opposite-field blast into the Atlanta Braves' deliciously uncaring bullpen, Smith set every baseball fan's teeth on edge. He was the Western Hemisphere's working overtime.

With one fifth-inning swing in Game 5, with one long opposite-field blast into the Atlanta Braves' deliciously uncaring bullpen, Smith set every baseball fan's teeth on edge. He was the Western Hemisphere's working overtime.

Isn't this whole Series karma business turning on its tail before our eyes? After all, it was Smith's base-running blunder in the ninth inning of Game 7 last year that helped Morris and the Twins win the world title, 1-0, in 10 innings. Without Smith, Morris would have lost that game. Jack Morris wouldn't be Jack Morris, total legend, without Lonnell Smith, bonehead.

Doesn't this mean that the Atlanta Braves, so rudely denied last October, are about to be rewarded with a great comeback of such sweetness that their entire two-season ordeal will be worth the pain?

As for the Blue Jays, doesn't this knock 'em back on their Blow Jays heels? Manager Cito Gaston left Morris in to pitch to Smith with two outs, the bases loaded and the Braves leading 3-2. Nobody in the entire world of baseball second-guessed Gaston. Everybody, everyone of 'em, first-guessed him. Yank him.

What this Atlanta Braves was truly about was not the ultimate outcome of this World Series. Maybe in a few days we'll change our minds about that. But for now, it's about this personal-relations problem between millions of us and Lonnell Smith. It had to get straightened out, right? For decency's sake.

Seriously, it's just not right for a tough veteran like Smith, a guy who's helped three teams to world titles, to go down in baseball history as the man who, with one tiny misjudgment, cost a fourth team a World Series.

O.K., O.K., the '91 Series isn't going to go away. Chuck Knoblauch is going to deke the double play to Greg Gagne forever and Smith is going to get paralyzed — "vapor-locked," the players call it — just past second base, wondering for a hundred years where that miserable ball Terry Pendleton hit has gone.

Still, this Game 5 makes it better. Much better. It helps give all the millions of us who aren't exactly in Lonnell Smith's fan club, a chance to put matters in better balance. Maybe we can see Smith, and remember him, for what he really was — a fine player who got into five World Series and did an excellent job in all of them. Except for one huge play. Lonnell Smith doesn't talk much, especially now at World Series time. He feels burned. Not that he doesn't know he messed up. But still it hurts. All the jokes about his lifelong nickname — Skates, because he slips and slides around the bases. All the blame that's placed on him and not on all the other Braves who did so many things less than wonderfully 12 months ago. After all, Smith hit homers in three straight games in that Series. What did some of those other guys do? Smith didn't even get thrown out. He just stopped at third base with nobody out instead of scoring standing up.

"It happens," Smith said this week. "Unfortunately, it happened at the wrong time."

This season, he was reduced to a part-time role because of Deion Sanders's emergence.

THURSDAY NIGHT. Bobby Cox played a huge hunch. He benched Ron Gant, a 27-year-old star who has twice had 30 homers and 30 steals in the same season. Instead he put Lonnell Smith in the lineup. And not just anywhere.

Is that a hunch or what? Before this game, you could hear Cox being called sentimental and worse throughout the SkyDome. Maybe Cox felt that, for his team to come back from a three-to-one deficit, just as the Royals once did to his Jays in 1985, something dramatic and really big had to happen.

Like Lonnell Smith saving the Braves' season with a grand slam homer in the World Series off Jack Morris. For Smith, it rights a wrong. Whether it has turned the tide of this World Series — a classic that has already reversed its field once — we'll soon discover.

SCOREBOARD

HOCKEY

Table showing NHL Standings for various teams like Pittsburgh, New Jersey, Philadelphia, NY Islanders, Washington, Boston, Montreal, Buffalo, Hartford, Ottawa.

CAMPBELL CONFERENCE

Table showing Campbell Conference standings for teams like Minnesota, Toronto, Detroit, Tampa Bay, Chicago, St. Louis, Los Angeles, Vancouver, Winnipeg, Edmonton, San Jose.

THURSDAY'S RESULTS

Table showing Thursday's results for NHL games, including scores and key players.

BASEBALL

Japanese League Series

Table showing Japanese League Series results: Friday's Result, Yakuji Swallows 7, Seibu Lions 6.

TENNIS

LYON OPEN

Table showing Lyon Open tennis results: Richey Rambaut, U.S. def. Dove Randall, U.S. 6-3, 6-2; Mats Wilander (S), U.S. def. Petr Korke (F), 6-4, 6-3.

VIENNA CUP TROPHY

Table showing Vienna Cup Trophy tennis results: Jiri Stedman (S), Netherlands def. Brad Gilbert (A), U.S. 6-4, 7-6; Goran Ivanisevic (S), U.S. def. Andre Agassi (A), 6-4, 7-6.

BASEBALL

Table showing American League transactions: Boston declines to exercise options on contracts of Tom Brunansky and Bill Fischer; Cleveland acquires Scott Borland; Kansas City releases Juan Samuel.



After talking with catcher Pat Borders and Cito Gaston, Jack Morris handed over the ball in the fifth.

A Legend's Mystique Dispelled

This Time, Mercenary Morris's 'Best' Was Not Enough

By Ron Sirak

The Associated Press

TORONTO — Jack Morris, the man whose \$5.5-million arm propelled the Toronto Blue Jays through an awful August and into the World Series, proved to be mortal after all.

And the legend came tumbling down. He was invincible during the 1991 World Series as a Minnesota Twin, moving down these same Atlanta Braves, and coolly efficient in compiling a 21-6 season record with the Blue Jays. But the Morris mystique dissolved in the 1992 postseason.

The 37-year-old right-hander pitched 4 1/2 innings Thursday night, giving up nine hits and seven earned runs, including a grand slam to Lonnell Smith. That turned Morris into a cheerleader for the rest of the season.

The man the Blue Jays' brain-trust counted on to be a hero in the pressure games failed, and failed miserably. It was not just Thursday's 7-2 loss, it was the entire postseason.

In 23 innings, Morris gave up 24 hits, 19 runs, all of them earned, and six home runs as he rang up a 7.43 ERA and an 0-3 record. That very well could have been 0-4, but he was spared another defeat when Toronto rallied from a 6-1 deficit to defeat Oakland 7-6 in Game 4 of the AL playoffs.

"I cried," said a stubborn Morris after the game. "I can honestly say I did the best I could. When you know you did your best, there's nothing else you can do. You have to take everything that comes your way."

Morris, the modern baseball ver-

son of a mercenary, pitched for the Twins in 1991. He pitched so well that in postseason games he compiled a 4-0 record and a 2.23 earned run average. He beat Toronto twice in the AL playoffs and Atlanta twice in the Series, including a 10-inning, seven-hit, 1-0 masterpiece in the seventh game. But the Braves seem to have solved him this year.

The count on Smith was 1-2. Morris challenged him with a fastball, not a bad fastball, but not a good one, either.

"I knew if I made a good pitch, I could still get out of the mess I got into," said Morris. "But I didn't. It was a fastball away. I might have thrown it another inch or two higher and he might have popped it up. But what happened happened."

The Toronto manager, Cito Gaston, took the blame for not pulling a tiring Morris before he pitched to Smith. Morris already had given up eight hits, including a home run to David Justice in the fourth inning, before Smith tagged him.

But he has always believed in Morris, frequently leaving him in games longer than good judgment might dictate, especially for a man with a 4.04 season ERA.

"I believe in Jack a lot," Gaston said. "Without Jack, we wouldn't be here."

The SkyDome crowd booted Gaston when he finally emerged from the dugout to yank Morris. The manager, asked if he thought the booting was directed at Morris, him or the "situation" responded: "Let's hope it was the situation, but it could have been for me. But people forget really quick."

Morris said Atlanta had just seen a little bit too much of him.

"I think it's just a case of pitching against the same team in the World Series two years in a row," he said. "They've seen me five times. After they've seen you so many times, tonight they got me."

"But," he added, "I'm going to hold my head up high. I'm not going to be down and cry. If we go on to win, I'll be as happy as anybody in this room. I've contributed over the season as much as anybody in this room. I still think we're going to win this damn thing."

(AP, WP, NYT)

Swallows Keep Hopes Alive

The Associated Press

TOKYO — Takahiro Ikegami hit a leadoff home run in the top of the 10th inning on Friday to give the Yakult Swallows a 7-6 victory over the Seibu Lions and force a sixth game in the best-of-seven Japan Series.

Advertisement for AT&T USADirect Service. Text: "Now good news can travel even faster." Includes a list of international phone numbers and the AT&T logo.

DAVE BARRY

Flushing Out Snakes

MIAMI — I hate to bring this up so close to the presidential election, but it turns out that the problem of snakes in toilets is even worse than we thought.

You may recall that several months ago I wrote about a chilling but true incident in Oklahoma wherein a courageous man fought a lengthy multimode battle to evict a lengthy snake from the plumbing system of a sportsman's club. The man would flush the snake down one toilet, thinking he had gotten rid of it, but then, bam, it would pop up in another toilet.

After that column appeared, I received dozens of letters from readers claiming that they too have had encounters with toilet snakes. This snake problem is not confined to Oklahoma. In fact, it's not even confined to the United States. I base this statement on an amazing incident in Canada wherein a toilet snake appeared as evidence in a COURT OF LAW.

This was brought to my attention by alert Canadian John Hale, who was the defense lawyer in the case. He sent in a news account from Lawyers Weekly, written by Elizabeth Payne and headlined "I am not making this up — Lawyers Attempt to Get Snake Down Toilet for Courtroom Demonstration."

To understand why this demonstration was necessary, you need to know what lawyers call the facts of the case (or, in Latin, "ipse factus"). On the morning of July 21, 1991, a nine-year-old girl went into the bathroom of her Ottawa apartment and discovered, in the toilet bowl, a four-foot-long (or, in Latin, 1.25-meter) python named "Even," hereinafter referred to as "Even."

The girl told her mom, who called the authorities, who managed to capture Even somehow. ("We have this toilet surmounted! Come out with your hands up!") It was determined that Even belonged to a man who lived in the apartment upstairs; prosecutors then charged this man with cruelty to animals, alleging that he wanted to get rid of Even, so he (the owner) flushed him (Even) down the toilet, causing Even to suffer abrasions and what the article describes as "a bad case of snake pneumonia."

But defense lawyer Hale claimed that the defendant had merely left a snake soaking in a bathtub, and that Even crawled into the toilet of his

own free will. According to the article, Hale argued that "because Even is a ball python and rolls into a ball when frightened... it would be impossible to flush him down the toilet." (Legal scholars will recognize this as the famous "Ball Python Defense.")

At this point, you probably have several questions:

1. Why was he soaking the snake in the bathtub?
2. Did he have snake BO?
3. Despite the lack of arm-pits?

4. Does the Canadian legal system have a lot of spare time, or what? The answer to No. 4 is clearly "yes," because when the case went to trial, defense lawyer Hale had an actual toilet brought into the courtroom and filled with water for a demonstration intended to prove that Even would, on his own, go commode-diving. I am still not making this up. The prosecutor strongly objected to this demonstration, arguing that "the very reason we are in court is because of an allegation that someone tried to force a snake down the toilet."

But the judge decided to allow the demonstration. And so, as the various legal parties looked on intently, a state-appointed snake guardian removed Even from a sack and placed him into the toilet bowl. A hushed and dramatic silence fell over the courtroom, and then, suddenly, Professor Prendergast leaped to his feet and shouted: "I DID IT! I MURDERED CLARISSE WITH THE WEED WHACKER, AND I'M GLAD!"

Conclusive occurred. Even stayed in the toilet for a moment, then slid back out toward his back. The experiment was repeated twice, with the same results. The article does not state if Even was under oath. ("Please raise your, um, your...") But apparently the demonstration was effective, because the judge found the defendant not guilty. This is yet another example of bleeding-heart-liberal judges freeing hardened criminals armed with 1.25-meter snakes to assault the plumbing of law-abiding society, knowing full well that the police in most cities are legally restricted to a snake caliber of no greater than .75. Is there something you can do? Or, you bet there is. You can stay out of the bathroom.

— Knight-Ridder Newspapers

The Man in Italy's Cultural Hot Seat

By Roderick Conway Morris

ROME — When 65-year-old journalist Alberto Ronchey received a phone call out of the blue this summer from Giuliano Amato, Italy's recently elected prime minister, asking him if he would like to be a minister, Ronchey was, he says, "absolutely amazed."

"It was totally unexpected. Apart from anything else, I'd always been critical, very critical of the government, the parties and the whole party system as it operates here in Italy," said Ronchey. And Amato said: of culture.

Since then, after a lifetime of reporting and commenting, Ronchey has himself become news — because of a series of forthright decisions. I found Ronchey, taking stock after the latest and greatest initiative of his first 15 weeks in office. At the height of the country's worst economic crisis for decades, he had just succeeded in evincing 30 billion lire (about \$24.5 million) from the Treasury to create a National Gallery of Art at the Palazzo Barberini, which will at last provide Italy with a state gallery to rival the Louvre and London's National Gallery.

One of Rome's most magnificent buildings, the Barberini was bought in 1949 to house the gallery. But most of the 17th-century palace was occupied by the armed forces' officers' club, which has recently refused to budge. By raising the funds to buy another building, the Art Nouveau Villa Bianca, for the military to move to, Ronchey has finally cut the Gordian knot, making possible the founding of a new world-class museum, which will show 1,500 works, most of which have remained in storage for lack of space to exhibit them.

Ronchey, who owes his name to his descent from a Jacobite Scots family that fled to Italy after the defeat of Bonnie Prince Charlie at Culloden Moor in 1746, granted me in his enormous, sunlit office at the Collegio Romano. Having started his career writing for an anti-fascist underground newspaper during the war, Ronchey evidently derives quiet amusement from the fact that the desk he now works at was the one at which Mussolini was sitting when he learned of his overthrow in July 1943.

For a time a professor of social economics, after serving as Moscow correspondent for La Stampa, and the author of over a dozen books, Ronchey has an academic and meticulous air combined, however, with an engaging lack of pomposity. Finding a solution to the Palazzo Barberini impasse had clearly come as a relief to him, not least because his firmness has been gaining him the reputation of a cultural Dr. No. Last month he forbade the Venice Film Festival of the Venice St. Mark's Square for their awards ceremony on the grounds that TV crews with their trucks and heavy equipment had already damaged the ancient stone work on previous occasions. He followed this up with a veto on the shooting of a TV discussion program in Palladio's Teatro Olimpico in Vicenza.

But his most contested ruling so far has been to put an end to the annual summer opera season at Caracalla's Baths in Rome. "It's not our job," said Ronchey, "to judge the quality of the performances — though I'm told the acoustics there are dreadful. But it is our right, and our duty to preserve monuments. The defenders of the opera argue that it's such a long tradition that it shouldn't be broken. But my response is: it's precisely because it's been such a long tradition that they have had the time to do serious damage



Alberto Ronchey: "So many cultural treasures."

to the baths, and can't be allowed to go on doing it." Not being a career politician, Ronchey manifests a no-nonsense attitude to the TV networks, who seem to regard it as a God-given right to commandeer public spaces to provide themselves with attractive backdrops. His own experiences have been salutary.

"If I agree to be interviewed at home, I always say: Do come, but please don't wrap the place. When they turn up, they always want to start moving the lights, putting reflectors up — the least they do is blow the fuses. It happens every time." New concessions, he said, to film in historic locations would only be granted when television showed itself capable of more responsible behavior. The new minister is also under no illusions as to the immensity of the task he has taken on. "No country in the world," he said, "has so many cultural treasures per square kilometer. The richness of the artistic sedimentation is unique: There have been the

Etruscans, the Greeks, the Romans, the Byzantines, the Arabs, then medieval civilizations, the Renaissance, the Baroque... We have 50,000 historic houses, 100,000 monumental churches, more than 1,200 kilometers of state archives.

Yet the Ministry of Culture is given only 0.21 percent of government spending — considerably less than is available in France, for example. But although he has publicly described Italy's budget for culture as "derisory," he is also a realist.

"I'm not insisting on more money, given the gravity of the economic crisis. I did so in the case of the Palazzo Barberini only because it was so important, such a symbolic case."

To meet the shortfall, Ronchey said, the ministry has been very successful in finding private sponsors — the most spectacular recent example being the pledge by the Banca di Roma to spend 40 billion lire to rescue the crumbling Colosseum.

"The problem is that sponsors tend to go for showy projects to get a return in publicity," he said, "which is perfectly right and legitimate. On the other hand, there are many things that need restoring, that may in the end be more important, which can't attract funds because they are not so flashy. So it's our job to create a positive image for them."

One of the severest and most sustained criticisms of the Ministry of Culture has been for its failure to complete a comprehensive catalogue of the country's artistic riches. The difficulty, said Ronchey, had lain in the obsessively detailed procedure for compiling the catalogue.

"I've adopted a more rapid method of cataloguing, still scholarly, but much faster. It's now envisaged that 4 million entries will be done within a year."

Such a catalogue will undoubtedly be vital in combating the alarming rise in art thefts, by providing data for pursuing missing works. But what, I asked Ronchey, were his plans to confront the threat of what has been described as the "legalized sacking" of Italy's heritage when, with the European single market, border controls are lifted on Jan. 17.

The worry, said Ronchey, was not so much over publicly owned works, which are protected by law in any case, but those privately owned. If the financial crisis continued, there was a danger that many works would be sold off and exported.

"The point is to find substitutes for the physical barriers, the old customs barriers," he said, "to introduce fiscal legislation to help keep works here; to offer more allowances to do restoration; reductions on inheritance taxes, or have the possibility, as in England, to pay off taxes in the form of art works — this would constitute an effective defense."

The life expectancy of Italian governments is notoriously short. "I'm the 14th minister of culture in 16 years," said Ronchey. "Which means, of course, that there's been no continuity. And, even if some previous ministers have been first-class, they've never had long enough to do anything." When the time comes Ronchey says he will be more than happy to return to his previous calling — though, with the light of battle gleaming discreetly in his eye, he admitted that "having started something I never like turning back."

Roderick Conway Morris is based in Venice, and writes for The New York Times and The Spectator.

Sting Gets Stung, Calls The Yard to the Rescue

It looks like Sting may have been the victim of a sting! After noticing as much as \$6 million (\$9.6 million) missing from his bank account and that of his manager, the rock star called in Scotland Yard. The fraud was reported to involve misappropriation of royalties and other payments. The probe began when Sting's manager, Miles Copeland, had independent experts examine the books of his accounting firm, Moore Sioene. Sioene claimed after the audit that large sums had not been paid to his firm or to Copeland's company.

Elton John is suing the television tabloid show "Hard Copy," alleging that a reporter, Deborah L. Scrantom, claimed off the air that he had moved to Atlanta to be near an AIDS treatment center. The suit, filed in Atlanta, seeks at least \$35 million in damages and a restraining order against the show's producers.

The publication was a bit delayed, but finally the first novel of Samuel Beckett is being published 60 years after it was written. "Dream of Fair to Middling Women" was written in Paris in 1932 when Beckett was 26, and was turned down at the time by a number of publishers. It is described as the tale of a young man, his life and loves in Dublin and his travels in Europe.

Sales of Madonna's "Sex" have been restricted in West Australia State to stores registered to sell adult publications, and the book had to be kept under the counter. Arts Minister Kay Halloran said: "The book depicts people in degrading poses as well as simulated violence, bondage and bestiality."

The country singer Hank Williams Jr. and his wife, Mary Jane Thomas, are the parents of a baby girl, Katherine Diana, born in Nashville, Tennessee... In Fort Lauderdale, Florida, Karen Veitch, the wife of Lee Majors, gave birth to twin boys, Dane Lake and Trey Kalley.

Bob Hope says his annual Christmas television special will be taped in San Antonio this year.

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